FRANCHISE DISCLOSURE DOCUMENT

www.cityrow.com

FRANCHISE DISCLOSURE DOCUMENT
CITYROW FRANCHISE, LLC
A Michigan Limited Liability Company
106 E. Liberty, Suite 310
Ann Arbor, MI 48104
(734) 619-0919
www.cityrow.com

The franchise is for the establishment and operation of a CITYROW® Fitness Facility that offers total body workouts that are effective and fun, taught by CITYROW Certified Trainers.

The total investment necessary to begin operation of one CITYROW® Fitness Facility is $~~199,586~~253,843 to $~~311,598~~460,074. This includes $83,927 to $90,985 that must be paid to us.

The total investment necessary to begin operation as a developer under an Area Development Agreement is $~~249,586~~303,843 to $~~361,598~~510,074 (3- CITYROW® Fitness Facilities) and $~~300,086~~403,343 to $~~412,098~~609,574 (5-CITYROW® Fitness Facilities). The area development fee applicable to each CITYROW® Fitness Facility will be credited toward the initial franchise fee due under the Franchise Agreement for each CITYROW® Fitness Facility. To qualify for an Area Development Agreement, you must agree to develop two or more Fitness Facilities.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jonathan Koudelka, 106 E. Liberty, Suite #310, Ann Arbor, MI 48104 (734) 619-0919.

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

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

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

Issuance Date: ~~March 31, 2019~~April 30, 2020

~~STATE COVER PAGE~~

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires ~~a franchisor~~franchisors to register ~~or file with a state franchise administrator~~ before offering or selling ~~in your~~ franchises in the state. Registration does not mean that the 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~~ recommends the franchise or has verified the information in this document. To find out if your state ~~franchise administrators listed~~has a registration requirement, or to contact your state, use the agency information in Exhibit D ~~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~~ Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following ~~RISK FACTORS before you buy this franchise~~risk(s) be highlighted:

~~1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION OR LITIGATION ONLY IN MICHIGAN. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.~~

~~2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~3. YOUR SPOUSE MAY BE REQUIRED TO SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.~~

~~4. THE FRANCHISEE OR AREA DEVELOPER WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $199,586, TO $311,598. THESE AMOUNTS EXCEED THE FRANCHISOR, STOCKHOLDERS EQUITY AS OF FEBRUARY 2, 2018, WHICH IS NEGATIVE $245,457.~~

5. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY

6. YOU MUST MAKE MINIMUM ADVERTISING PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

7. THE FRANCHISOR'S FINANCIAL CONDITION AS REFLECTED IN ITS FINANCIAL STATEMENT (see Item 21, Exhibit A) CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 these persons a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the next page for state effective dates

~~**EFFECTIVE DATES OF STATE REGISTRATIONS**~~

~~The following franchise registration and business opportunity states require that a Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.~~

~~This Franchise Disclosure Document is registered, on file or exempt from registration in the following states:~~

~~State~~	~~Effective Date~~

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.

2. Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. The franchisee or area developer will be required to make an estimated initial investment ranging from $253,843 to $460,074. These amounts exceed the franchisor, stockholders equity as of December 31, 2020, which is negative $ 955,167.

4. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history

5. You must make minimum advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

The ~~California~~	~~07/29/2019~~
~~Florida~~	~~03/19/2019~~
~~Illinois~~	~~04/29/2019~~
~~Indiana~~	~~05/29/2019~~

~~Kentucky~~	~~03/06/2018~~
~~Maryland~~	~~08/28/2019~~
~~Michigan~~	~~05/13/2019~~
~~Minnesota~~	~~07/01/2019~~
~~Nebraska~~	~~03/06/2018~~
~~New York~~	~~03/04/2020~~
~~Texas~~	~~03/09/2018~~
~~Utah~~	~~03/03/2020~~
~~Virginia~~	~~06/20/2019~~
~~Washington~~	~~10/22/2019~~
~~Wisconsin~~	~~05/16/2019~~

6. franchisor's financial condition as reflected in its financial statement (see item 21, exhibit a) calls into question the franchisor's financial ability to provide services and support to you.

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

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

To simplify the language in this Franchise Disclosure Document, "CRF" or "we" means CITYROW FRANCHISE, LLC, the franchisor. "You" means the person or entity who buys the franchise. If "you" are a corporation or limited liability company, "you" will include your owners.

CRF is a Delaware limited liability company that was formed on January 8, 2018, whose principal business address is 106 E. Liberty, Suite 310, Ann Arbor, Michigan 48104. Our agents for service of process are disclosed in Exhibit E.

We began offering franchises in February 2018.

We do not operate businesses of the type being offered to you. We do not do business under any other name nor have we offered franchises in any other line of business. We have no other business activities.

Parents and Affiliates

Our direct parent is CITYROW Franchise Holdings, LLC, a Delaware limited liability company formed on June 20, 2017 ("Parent" or "CRFH"). CRFH is a subsidiary of our ultimate parent CITYROW Holdings, LLC, a Delaware limited liability company formed on November 26, 2014 ("CRH" or "Ultimate Parent"). CRH has two wholly-owned subsidiaries that are our affiliates. The first of these two operating subsidiaries is ROW NYC LLC, a Delaware limited liability company formed on February 28, 2013 ("ROW I"). ROW I began operating a CITYROW® Fitness Facility located in New York, New York on January, 2014. The second of these two operating subsidiaries is ROW II NYC LLC, a Delaware limited liability company formed on February 23, 2015 ("ROW II"). ROW II owns our regional corporate office and training facility located in New York, New York. Except as described in this paragraph, our parents and affiliates have not operated any businesses of the type that you will operate.

The principal business address of all of our parents and affiliates is 1409 Third Avenue, New York, NY 10075. Our parents and affiliates do not offer, and have not previously offered, franchises in any line of business.

Predecessor

We do not have any predecessors.

Description of the Franchise

We began offering franchises to establish and operate CITYROW® Fitness Facilities (the "Fitness Facility" or "Fitness Facilities") under the federally registered trademark CITYROW® (the "Licensed Marks") and the System, according to the terms of the Franchise Agreement and the Area Development Agreement (defined below) in January 2018. The franchise offered is for the right to establish and operate a Fitness Facility offering total body workouts featuring unique rowing exercises taught by CITYROW trainers. The size of the Fitness Facility may range from 1,400 square feet to 1,600 square feet. Franchisee will sell packages and classes, as well as memberships to its

customers who sign club membership agreements and pay monthly membership fees. Membership in a Fitness Facility provides the member with high intensity body workouts that provide cardiovascular, body toning and weight loss benefits through classes and individual workouts. Fitness Facilities are open seven days a week and club hours may vary, but should provide early morning, lunch time and evening classes.

The "System" includes distinctive interior design, exterior signage, decor and color schemes, uniform standards and specifications for operation, uniformity of classes and services offered, management assistance, initial and ongoing training and support, advertising and promotional programs, all of which we may change, and further develop, in our sole discretion.

The form of the Franchise Agreement for the first Fitness Facility is attached as Exhibit C to this Franchise Disclosure Document. If you develop more than one Fitness Facility under the terms of an Area Development Agreement (see additional detail in next paragraph), for each Fitness Facility developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, provided that the royalty fees and marketing contributions will remain the same as those established for your first Fitness Facility (see the form of Franchise Agreement attached as Exhibit C). For each Franchise Agreement, we will assign to you a geographical area in which you will work with our designated supplier to locate a site for your Fitness Facility (a "Site Selection Area"). Once we have accepted a site, we will determine a defined geographic territory (the "Protected Area") which will be described in Exhibit A to the Franchise Agreement. The size of the Protected Area granted to each franchisee may vary depending upon local market conditions and the number of Fitness Facilities to be developed. Site Selection Areas are not exclusive and we reserve the right to establish other Fitness Facilities and authorize others to establish Fitness Facilities, within a Site Selection Area that we grant to you.

We will offer qualified franchisees the right to enter into an Area Development Agreement to develop multiple Fitness Facilities (the "Area Development Agreement"). To qualify for an Area Development Agreement, Developer must agree to develop two or more Fitness Facilities in a geographic territory and sign the form of Area Development Agreement attached as Exhibit B to this Franchise Disclosure Document. We will determine your Site Selection Area before you sign the Area Development Agreement and it will be described in Exhibit A to the Area Development Agreement. You must open Fitness Facilities within your Site Selection Area according to a development schedule attached to the Area Development Agreement (the "Development Schedule"). You must enter into a separate Franchise Agreement for each Fitness Facility you develop in accordance with the Area Development Agreement. You will have the right to find and secure locations from which to operate your Fitness Facility from within the Site Selection Area, but similar to the Site Selection Area assigned in connection with a single-unit Franchise Agreement you will not receive any territorial exclusivity within this area.

Competition

The market for fitness facilities and fitness and health clubs is highly competitive, as is the market for obtaining locations for fitness clubs and health clubs. However, we believe we offer a unique opportunity in the fitness industry. Fitness Facilities featuring low-pact cardiovascular workouts is a rapidly developing segment of the fitness industry. You will have to compete with all other businesses providing health and fitness facilities for weight training, body toning, cardiovascular health and similar fitness and health services. Your competitors will include but are not limited to gyms, health and fitness centers, health clubs, health spas, and franchised companies offering similar fitness services.

Your competition will include all health and fitness concepts.

Industry Regulations

In addition to laws governing businesses generally such as the Americans With Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, you should consider that certain aspects of the fitness industry are highly regulated by local, state and federal laws and regulations that apply to the ownership and operation of a fitness facility like a Fitness Facility, including specific contractual prohibitions, health, sanitation, EEOC, discrimination, employment and fitness and health club laws and regulations, as well as state and local departments of health and other agencies with laws and regulations concerning fitness and health clubs. State and local agencies may routinely conduct inspections for compliance with these requirements. You must operate your Fitness Facilities in compliance with all federal, state and local laws and regulations. State laws and regulations may regulate the language of the Membership Agreement, require registration with the state and the filing of a corporate surety bond or letter of credit.

ITEM 2

BUSINESS EXPERIENCE

Founder, Chief Executive Officer: Helaine Knapp

Helaine Knapp is our founder and Chief Executive Officer and has held this position since our inception in January of 2018. Ms. Knapp also serves was the CEO of our affiliates CITYROW Holdings, LLC and ROW NYC, LLC (both located in New York, New York) and has done so since February 2013. Ms. Knapp served as Director of Client Services for Olapic, Inc., (New York, New York), between November 2012 and January 2014.

Chairman of the Board: John Rotche

John Rotche is our Chairman of the Board and has held this position since our inception in January of 2018. Since June 2015, Mr. Rotche has served as CEO of Franworth, LLC (Ann Arbor, Michigan) and TBC International, LLC and has done so since June of 2015. From April 2012 to June 4, 2015, he was President of TBC International, LLC. From July 1, 2007 to April 2012, he was President of Belfor Franchise Group, LLC (Livonia, Michigan).

Chief Operations Officer: Ashley Davis

Ashley Davis is our Chief Operations Officer and has held this position since our inception in January of 2018. Since July 2014, Ms. Davis has also served as COO of our affiliate CITYROW Holdings, LLC (Ann Arbor, Michigan). From October 2013 to July 2014, she served as Group Director at UM Worldwide, Inc. (New York, New York). From July 2011 to October 2012, she served as Senior Success Manager for Salesforce Marketing Cloud (New York, New York).

Director of Programming: Annie Mulgrew

Annie Mulgrew is our Director of Programming and has held this position since our inception in January of 2018. Since November of 2015, she has also served as Director of Programming for our affiliate CITYROW Holdings, LLC (Ann Arbor, Michigan). From January 2011 to February 2014, she served as a yoga teacher and personal trainer for Laughing Lotus Yoga Center (New York, New York).

~~**Executive Vice President: Jonathan Koudelka**~~

~~Jonathan Koudelka is our Executive Vice President and has held this position since our inception in January of 2018. Since December 2017 and October of 2016, respectively, he has served as Chief of Staff and General Counsel for Franworth, LLC (Ann Arbor, Michigan). From October 2015 and October 2016, he served as Corporate Counsel for The Dwyer Group (Ann Arbor, Michigan). From March 2011 to October 2015, he served as In-House Counsel and Senior Manager of Legal and Licensing for Service Brands International, LLC (Ann Arbor, Michigan).~~

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee in a lump sum. Our standard initial franchise fee is $49,500, which must be paid to us at the time you sign your Franchise Agreement. If you qualify for the VetFran program sponsored by the International Franchise Association ("IFA"), the Initial Franchise Fee you pay for a single Fitness Facility will be reduced by $2,500. The Initial Franchise Fee is deemed fully earned on your execution of the Franchise Agreement and is not refundable under any circumstance. The Initial Franchise Fee is uniform for all franchisees purchasing a single franchise.

Initial Area Development Fee

If you qualify, you may sign an Area Development Agreement under which we will grant you the right to develop a certain number of Fitness Facilities in a designated area according to a Development Schedule attached to the Area Development Agreement. If we grant you the right to develop multiple Fitness Facilities, at the time you execute the Development Agreement, you will pay to us a one-time Development Fee. Your Development Fee will equal $99,500 for the right to develop three Fitness Facilities or $149,500 for the right to develop five Fitness Facilities. ~~This amount includes the Initial Franchise Fee for each Franchise Agreement.~~ The area development fee applicable to each Fitness Facility will be credited toward the initial franchise fee due under the Franchise Agreement for each Fitness Facility. The initial development fee is charged uniformly to all new franchisees and developers, except if you qualify for the VetFran program sponsored by the IFA, your Development Fee will be reduced by $10,000.

The initial development fee due under the Area Development Agreement is fully earned upon signing the Area Development Agreement and is not refundable under any circumstance. The initial franchise and/or development fee allows us to recover a portion of our costs to help you develop your Fitness Facility prior to opening.

Initial Business Training Fee

You must pay us a one-time initial training fee in the amount $995 for initial classroom training for you and your general manager. The initial training fee is due at least 30 days prior to training. The initial training fee is not refundable under any circumstance.

Initial Trainer Training Fee

You must pay an initial trainer training fee in the amount of $995, prior to opening. You are responsible for the cost of travel and lodging expenses for your employees in connection with each Training Instance. The trainer training fee is not refundable under any circumstance.

Standard Initial Package

In addition to the initial fees described above, you must pay us for the cost of the initial equipment, materials and products listed on Exhibit L which are the items that we require for you to open your Fitness Facility (the "Standard Initial Package"). The cost of the Standard Initial Package ranges from approximately $32,437 to 39,495 depending on the square footage of your Fitness Facility, of which $30,000 must be paid within thirty (30) days after you receive site approval from us and the remaining balance must be paid before the Standard Initial Package is shipped to you. The Standard Initial Package Fee is not refundable under any circumstance.

~~**Construction Coordination**~~

~~If you elect to use a construction management company that is not approved, or if you chose not to use one at all, you will be required to utilize our preferred vendor for construction coordination. The cost to use our preferred construction coordination vendor is approximately $2,000.~~

You are prohibited from opening a Fitness Facility until the initial fees described above for that Fitness Facility have been paid by you to us.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7% of monthly Gross Revenue.	Payable weekly by check or by the point of sale approved vendor. We may require payment to be made by Electronic Funds Transfer on 30 days written notice to you.	"Gross Revenue" includes all revenue from the operation of the Fitness Facility. The Royalty Fee compensates us for your right to use our System and Licensed Marks in accordance with the Franchise Agreement.
Marketing Fund Contribution	Up to 2% of Gross Revenue. Currently, we do not collect a Marketing Fund Contribution.	Payable weekly on Tuesday for the preceding week by Electronic Funds Transfer.	We reserve the right to charge up to 2% of Gross Revenue to the Marketing Fund upon commencement of the operation of your Fitness Facility. Contributions to the Marketing Fund must be paid by Electronic Funds Transfer (see Exhibit H).
Local Advertising	$24,000 during first 12 months of operation, of which $20,000 must be spent in connection with the Grand Opening. Afterwards the first 12 months, at least $1,000 per month.	Paid monthly by you for local advertising.	If requested, you must furnish proof of local advertising expenditures to us. Any deficiency in local marketing by you must be contributed to the Marketing Fund. After the first anniversary, a minimum monthly expenditure of $1,000 is required for local advertising and public relations activities. Included in this calculation would be any contribution made to a cooperative approved by us.
Regional or Local Advertising Cooperative	At least $1,000, but no more than $3,000 per month (if established.	Paid monthly.	Not applicable unless we require you to participate in an advertising campaign in your market area. Contributions to Cooperative are credited to your obligation to spend a minimum in local advertising.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer	$5,000	Before the date of closing of the transfer of the Franchise Agreement or Area Development Agreement.	Paid if you assign or transfer the rights to the Area Development Agreement or Franchise Agreement or make other specified transfers to someone other than an entity controlled by you or to your immediate family member.
Subsequent Trainer Training Fee	$300 per trainer	Within 10 days of billing	After your Initial Trainer Training, Subsequent training shall be $300 per trainee at our training facility.
Supplemental Training Fee	Currently, $300 per day plus our out of pocket expenses including travel, lodging and meals.	Within 10 days of billing	We may provide you and your employees, in our discretion, required additional training. You must pay us our then-current supplemental training fee plus reimbursement of our expenses for providing such supplemental training, including costs of transportation, meals and lodging for our employees or representatives providing such training. We will not require such training more than once per year unless you are in default. This amount may change, but will not exceed $1,000 per day.
Renewal	$2,500	At the time you request renewal.	You must give us written notice of your election to renew the Franchise Agreement not less than 7 months nor more than 12 months before the end of the initial term.
Relocation	$5,000	At the time relocation is requested.	Paid only if you request relocation of your Fitness Facility.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Technology Fee	Currently $99 per month	Payable monthly by the 10th day of the month, commencing on the date of the Franchise Agreement.	You must pay us our then-current monthly Technology Fee that we charge you for the costs that we incur to develop advances in software and other technology that may be created during the term of the Franchise Agreement. We reserve the right to adjust this fee from time to time. We may require payment to be made by electronic funds transfer on 30 days written notice to you by Electronic Funds Transfer.
Point of Sale System	Currently, $~~299~~550 per month; subject to change by vendor.	As incurred.	This fee, is imposed by us and collected by us, but passed through to a third party vendor. This fee is charged uniformly charged to all franchisees and company-owned locations and may change from time to time.
Initial Trainer Training Fee	$995 per instance, plus out of pocket expenses.	Payable at least 30 days prior to CRF performing any trainer training for you (each a "Training Instance").	You must pay us an initial trainer training fee equal to $995 per Training Instance, prior to opening, to have your trainers attend our training classes. You may send as many trainers to each Training Instance as you wish subject to our availability. At our discretion, we may send our trainers to your Fitness Facility to perform the training. Should we send our trainer(s) to you, you must additionally pay our out of pocket costs incurred by us for travel and lodging for providing the training.
Interest	Greater of 1 ½ % per month or 3% over prime rate per annum not to exceed maximum allowed by law.	30 days after billing.	Interest is charged on any unpaid royalty, advertising, transfer and other fees not received by the date due.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Audit	Delinquency of royalty and advertising contributions, plus interest from the date due. In addition, if there is an understatement of Gross Revenue which exceeds 2%, you must pay the cost of the audit.	Within 15 days after receipt of the audit report.	Interest due if there is an understatement in the royalty and advertising contributions. You must pay the cost of the audit if understatement of royalty and advertising contributions exceeds 2% of Gross Revenue for the previous 12 months.
Management Fee	8% of the Gross Sales of your Franchised Business during the period of time we or our representative manages your Franchised Business on your behalf (the "Management Fee"), plus the costs and expenses we incur.	As incurred	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or become disable (and unable to perform as the "Franchisee" under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.

Except as otherwise noted in this Item 6, all fees are charged uniformly to all franchisees and are imposed and collected by and payable to us and are all non-refundable.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE LEASED FITNESS FACILITY

NATURE OF EXPENSE	AMOUNT Low	AMOUNT High	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[1]	$49,500	$49,500	Lump sum	At signing of Franchise Agreement	CRF

NATURE OF EXPENSE	AMOUNT Low	High	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Standard Initial[2] Package less ~~Retail, and AV~~shipping	$32,~~437~~577	$39,~~4956~~ 29	Lump sum	Prior to Opening	CRF
Initial Training Fee[3]	$1,990	$1,990	Lump sum	At signing of Franchise Agreement	CRF
Travel/Living while training	$1,000	$7,500	Lump sum	As incurred	Vendors
Professional Fees (First Year)	$1,000	$3,000	As agreed upon	As incurred	Vendors
Security Deposit and Rent (3 months)[4]	$2,000	$22,563	Lump sum	As incurred	Lessor of premises;
Business Licenses, Permits, etc.	$500	$3,000	Lump sum	As incurred	State and Local Authorities
Architecture & Engineering Services	$5,000	$~~12,500~~16,300	As agreed upon	As incurred	Vendors
Leasehold Improvements[5]	$~~56,000~~ 100,285	$~~84,643~~ 215,593	As agreed upon	As incurred	Vendors
Furniture Fixture and Equipment	$~~15,000~~24,600	$~~25,658~~29,250	As agreed upon	Prior to Opening	Vendors
Outdoor Signage[6]	$4,~~000~~ 232	$11,000	As agreed upon	As negotiated	Vendors
Telephone & Utility Deposits & Expenses[7]	$250	$500	Lump sum	As incurred	Vendors; utility companies
Point of Sale "POS" Register, Hardware, Software[8]	$2,009	$2,449	Note 3	Note 3	Vendors
Insurance Deposits & Premiums[9]	$1,500	$2,000	Lump sum	As incurred	Vendors
Grand Opening Expenditure - Marketing	$20,000	$20,000	As incurred	As incurred	Vendors
Music Licensing[10]	$400	$800	As agreed upon	As incurred	Vendors

NATURE OF EXPENSE	AMOUNT Low	High	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Shipping (FFE & IP)	$2,000	$~~68~~,000	Lump sum	Prior to Opening	Vendors
Construction ~~Coordination~~[10]Management[11]	$0	$~~2~~10,000	Lump sum	As incurred	CRF
Real Estate Coordination	$0	$2,000	Lump sum	As incurred	Vendors
Additional Funds (3 months)[12]	$5,000	$15,000	Lump sum	As incurred	Various Vendors
Total	$~~199,586~~253,843 to $~~311,598~~460,074				

Notes: All payments which you make directly to us are nonrefundable. This may or may not be true for payments made to third parties.

We do not offer direct or indirect financing

1. The initial franchise fee is for a single $49,500. The average cost of the initial Franchise Fee decreases if a Franchisee enters into an Area Development Agreement for three or five units.

2. In the operation of your Fitness Facility, you must purchase the Standard Initial Package of equipment set forth on Exhibit L unless we approve a variance to the Standard Initial Package based on unique circumstances. The cost of the Standard Initial Package as set forth on Exhibit L may vary, depending on the square footage of your Fitness Facility and the extent of the equipment required for your Fitness Facility, of which $30,000 must be paid within 30 days after you receive site approval and enter into a lease. The remaining balance due must be paid before the Standard Initial Package is shipped to you. The actual amount you pay for the Initial Package will be determined by the amount of equipment required by the layout of your Facility and the actual square footage of your Fitness Facility. We reserve the right to grant variances to our Standard Initial Package depending on layout of your Facility. We reserve the right to collect sales tax and charge you the Setup Fee and additional amounts for the costs of handling and delivery of the Standard Initial Package, none of which are included in the approximately $32,437 to $39,495 cost for the Standard Initial Package. The actual cost of delivery of the Standard Initial Package may vary based on distance to your location from the shipping facility. You may also incur costs for the installation of the Standard Initial Package depending upon whether or not you provide your own labor or you hire a third party installation team. The fees for the standard initial package are not refundable under any circumstance.

3. You and your general manager of your Fitness Facility must attend and successfully complete, to our satisfaction, an initial business training program at the Fitness Facility operated by our affiliate in Ann Arbor, Michigan. The cost for the business training program is $995. You must additionally have your instructors attend our initial trainer training program prior to opening. The cost for the initial trainer training program is $995. In

addition, you must pay all wages, costs of travel, lodging and other living expenses incurred by you and your general manager.

4. Rent should be from zero to $10,000 a month for the first three months of your lease. You may be successful in negotiating zero rent for the first three months of your leases with your landlord. Security deposits range from zero to three months' rent.

5. CITYROW facilities will typically be located in commercially zoned shopping areas. Due to the costs of land acquisition and new construction, we expect you will lease the premises. Your actual leasehold improvement costs cannot be estimated with complete accuracy, and the range of costs can vary greatly. The typical size of Fitness Facilities must accommodate a minimum of 15 rowers to a maximum of 20 rowers and square footage in a range from approximately 1,400 sq. ft. to 1,600 sq. ft. Your costs will vary depending on the size of the premises and the status of the premises at the time you begin your improvements and whether your landlord will pay any of the costs of improvements. Some franchisees are able to negotiate the costs of tenant improvements with landlords which provide that the landlord will pay some or all of those costs. The ranges provided above presume tenant improvement allowances in the amount of $10/sq. ft. and that the facility is in general white box condition, with suitable bathrooms available at the time you receive it. This range does not include any cost to purchase land or any cost to prepare the site for construction or any costs incurred for project management fees. We do not estimate the costs associated with the acquisition of real estate if you decide to purchase land. Depending upon the area in which your Fitness Facility will be located, the costs of leasehold improvements and new construction costs will vary greatly.

6. This estimate includes purchase and installation of signage and may vary by marketplace. The range above presumes a single sign.

7. This estimate includes the costs of your security deposit and utilities. These are only estimates and will vary depending on the area of your Fitness Facility. These deposits may be refundable.

8. This estimate includes the cost of the Point of Sale hardware and software ($2,~~019~~009) and the cost of the Computer hardware and software ($2,449).

9. This estimate includes insurance deposits and/or premiums for the first three months of operation.

10. You are required to acquire licensing rights from our designated third-party music vendor and pay periodic licensing fees to that vendor. The music licensing fee will cost approximately $400 to $800 per year. Failure to obtain such licensing rights is a material breach of the franchise agreement.

11. Construction coordination fees are not incurred if you utilize any of our approved vendors for construction management. If you elected to use construction management company that is not approved, or if you chose not to use one at all, you will be required to utilize our preferred vendor for construction coordination.

12. This estimates your initial expenses for three months from the date you open for business. These expenses include marketing and payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs

will depend on factors such as: your management skill, experience and business acumen; competition; local economic conditions; the local market for the product; the local market for real estate; the prevailing wage rate; and the sales level reached during the initial period. These estimates do not include any estimates for debt service. You must also pay royalty and other fees described in Item 6 of this FDD. These figures are based on the experience of, and the information obtained from, Franchisor's affiliate location which conducts substantially similar operations as those expected for a franchisee to conduct. The Affiliate location opened in January 2014. This estimate does not account for inflation. We do not offer financing directly or indirectly for any part of the initial investment.

These figures are based on the experience of, and the information obtained from, Franchisor's affiliate location which conducts substantially similar operations as the one you will operate.

AREA DEVELOPMENT AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Area Development Fee[1]	$99,500 (3-Pack) $149,500 (5-Pack)	Lump sum	Upon execution of Development Agreement	Us
Initial Investment to Open Initial Fitness Facility[2]	$~~150,086~~204,343 to $~~262,098~~410,574	Totals from single lease fitness facility of this Item 7 less the Initial Franchise Fee.		
Grand Total[3]	$~~249,586~~303,843 to $~~361,598~~510,074 (3-Fitness Facilities) $~~300,086~~353,843 to $~~412,098~~560,074 (5 Fitness Facilities)	This is the total estimated initial investment to enter into an Area Development Agreement for the right to own a total of three to five Fitness Facilities, as well as the estimated initial costs to open and begin operating your initial Fitness Facilities for the first three months (as described more fully in the "Single Leased Fitness Facility " chart above).		

1. The initial area development fee is fully described in Item 5. ~~This amount includes all Initial Franchisee Fees associated with the first and subsequent Franchise Agreements.~~

2. This range represents the total estimated initial investment required to open the initial Fitness Facility you agreed to open and operate under the Development Agreement and does not include any of the costs you will incur in opening any additional Fitness you agree to develop under your Development Agreement.

3. This amount is calculated by taking the low and high ranges from the Single Leased Fitness Facility chart above and subtracting the initial franchise fee amount of $49,500.

4. All payments which you make directly to us under the Area Development Agreement are nonrefundable

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To maintain uniformity and ensure high standards of quality and service offered by your Fitness Facility, we issue standards and specifications to you in the Operations Manual and otherwise, including, without limitation, in writing and by e-mail. You must operate your Fitness Facility in strict conformity with our standards and specifications. You must maintain in sufficient supply and use and sell only approved products and services and other goods that meet our standards and specifications, which may include products specified by us by name brand. As part of our specifications, we may designate or approve only certain suppliers for your purchases.

Designated and Approved Suppliers

We have the right to limit the suppliers from whom you purchase equipment, supplies, and other products and services for your Fitness Facility. We restrict the sources of products and services to assure (1) quality and uniformity of products and services offered at all Fitness Facilities and (2) reliable supply to you of products and services that meet our standards. We also limit the suppliers to achieve better terms of purchase and delivery and to control usage of the Licensed Marks by third parties and to monitor the sale of these items. For products and other items which bear the Licensed Marks, suppliers may, at our option, be limited to us or one of our affiliates or to other specified exclusive sources, in which case you would have to buy these products and the other items only from us, or from our affiliate or from the other exclusive sources at the prices we or they decide to charge. Any purchases of products and services, including the Standard Initial Package described below, directly from us or our affiliates, whether required or voluntary, may be at prices which exceed our costs. We may also receive rebates from designated and approved suppliers based upon the purchase or lease of products and services by you and other franchisees.

All of our franchisees must purchase the Standard Initial Package directly from us, and we will be the sole supplier of the Standard Initial Package.

As of the date of this disclosure document, we nor our affiliates are an approved supplier of our products and services.

Some of our officers own interests in our designated and approved suppliers including the approved supplier of the rowers used in each Fitness Facility. You must use suppliers approved by us for your point-of-sale system for the Fitness Facility management software. The members of your Fitness Facility must make payment of weekly and monthly dues to the approved supplier through the point-of-sale system. All payments by members of your Fitness Facility for membership fees, products and services must be made through the approved point-of-sale system. You must authorize the approved supplier of the point-of-sale system to deduct payments for weekly royalty fees and weekly Marketing Fund Contributions due from you to us (as of the date of this disclosure document, the national marketing fund has not yet been implemented). The point-of-sale system will provide third-party billing including EFT and credit card drafts, and management services which may include: check-in system, appointment scheduler, POS, month end financial reports, prospect database, contact entry and automatic debits of Fitness Facility members' monthly fees.

You are required to use our designated supplier for site selection assistance. There is no upfront fee for this service. The designated supplier's fees are paid for by the landlord of the premises you select. You must acquire a site for your Fitness Facility that meets our site selection criteria and that we approve. If you occupy the Fitness Facility according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the Franchise Agreement). You must construct, equip, and improve the Fitness Facility in compliance with our current design standards and trade dress.

You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale cash register system), décor, and signs from our approved third party suppliers.

You are also required to purchase management services for your website, Facebook® and other on-line marketing from a supplier approved by us.

You must purchase the following services from vendors and suppliers approved by us, as determined by us, in our sole discretion, upon written notice to you, as follows: (i) local store marketing and digital services, (ii) radio and music for the Fitness Facility, (iii) printing services for marketing materials, business cards, and operations materials, (iv) brand mats and janitorial supplies, and (v) sound system and video monitors. We may receive revenue from approved suppliers based upon the purchase of products and services from approved suppliers.

We will receive revenue from certain approved suppliers based upon the purchase or lease of products and equipment by franchisees from approved suppliers. The basis of the revenue that may be paid to us is 1% to 75% of the purchase price of such products purchased by franchisees from an approved supplier. We reserve the right to use all amounts received by us or our affiliates without restriction for any purpose.

As of December 31, 2019~~2018~~, we have received $0 in revenue from approved suppliers based on the purchase of products and services by franchisees from approved suppliers.

In addition to the designated and approved suppliers described above, we have the right to identify additional designated and approved suppliers in the future in written communications to you or in the Operations Manual, as we determine in our sole and absolute discretion. To maintain the quality of the goods and services that your Fitness Facility sells, we may condition your right to buy or lease goods or services (besides those described above that you may obtain only from us, or our affiliate, or from other specified sources), on their meeting minimum standards and specifications or being purchased from suppliers we have approved. We will formulate these standards and specifications which may impose minimum requirements for production, performance, reputation, prices, quality, design and appearance.

If a supplier meets our criteria~~,~~ but has not been designated as an approved supplier by us, you may not use that supplier to purchase equipment, supplies and other products and services for your Fitness Facility without obtaining our prior written approval.

If you want to buy or lease any item or service that we have not yet evaluated or approved, or want to buy or lease from the supplier that we have not yet approved or designated, you must first send us sufficient information, specifications, and samples so that we can determine whether that item or service complies with our standards and specification and/or whether the supplier meets our approved supplier criteria. We may charge you or the supplier a reasonable fee for the valuation and decide within a reasonable time (generally no more than 30 days) whether or not we approve or disapprove

the item or service. We periodically will establish procedures for your request and may limit the number of approved items, services or suppliers, as we determine in our sole discretion.

Supplier approval might depend on product quality, delivery frequency and reliability or on service standards or financial capability or customer relation or concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliate for the right to do business with our system. We may inspect a proposed supplier's facilities during or after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, or for a new product or service.

We will maintain approved supplier criteria. The supplier criteria will be available to you upon written request.

All advertising and promotional materials and other items we designate must bear the Licensed Marks in the form, color, location and manner we prescribe. Before you use any advertising or promotional material, you must send it to us for our review and approval. You may not use any advertising, promotional or marketing materials that we have not approved. You agree that any advertising, promotion and marketing you conduct will be clear and factual and not misleading and will conform to the highest standards of ethical advertising.

We may negotiate purchase arrangements with suppliers, including price and terms, for the benefit of franchisees. According to the terms of our Franchise Agreement, we and our affiliate have the right to receive payments from suppliers on account of your purchase from suppliers and to use any amount received from such payment for any purpose without restriction.

We estimate that the percentage of the required purchase of products and services in relationship to all purchases that you incur in establishing the Fitness Facility is 20% to 65%. We estimate that your purchase of products and services from approved suppliers in the operation of your Fitness Facility will be approximately 5% to 20% of your total ongoing costs.

There currently are no purchasing or distribution cooperatives that you must join or in which you may participate.

We do not provide any material benefits to you based on your use of designated or approved suppliers or for the purchase of particular products and services, except for increasing purchasing power and lowering costs.

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	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Section 8 in Area Development Agreement. Section 4 in Franchise Agreement.	Item 11
b. Pre-opening purchases/leases	Section 8 in Area Development Agreement. Section 5 in Franchise Agreement.	Item 8
c. Site development and other pre-opening requirements	Section 8 in Area Development Agreement. Section 4 in Franchise Agreement.	Items 7, 8 and 11
d. Initial and ongoing training	Not applicable in Area Development Agreement. Section 6 in Franchise Agreement.	Item 11
e. Opening	Not applicable in Area Development Agreement. Sections 5 & 6 in Franchise Agreement.	Item 11
f. Fees	Section 9 in Area Development Agreement. Section 11 in Franchise Agreement.	Items 5 and 6
g. Compliance with standards and policies/ Operations Manual	Not applicable in Area Development Agreement. Sections 5, 6 and 12 in Franchise Agreement.	Item 11
h. Trademarks and proprietary information	Section 13 in Area Development Agreement. Section 7 in Franchise Agreement.	Items 13 and 14
i. Restriction on products/services offered	Not applicable in Area Development Agreement. Section 12 in Franchise Agreement.	Items 8 and 16
j. Warranty and customer service requirements	Not applicable in Area Development Agreement. Section 12 in Franchise Agreement.	Item 11
k. Territorial development and sales quotas	Section 4 in Area Development Agreement. Not applicable in Franchise Agreement.	Item 12
l. Ongoing product/service purchases	Not applicable in Area Development Agreement. Section 12 in Franchise Agreement.	Item 8
m. Maintenance, appearance and remodeling requirements	Not applicable in Area Development Agreement. Section 12 in Franchise Agreement.	Item 11
n. Insurance	Not applicable in Area Development Agreement. Section 13 in Franchise Agreement.	Items 7 and 8
o. Advertising	Not applicable in Area Development Agreement. Section 14 in Franchise Agreement.	Items 6 and 11
p. Indemnification	Section 12 in Area Development Agreement. Section 10 in Franchise Agreement.	Item 6
q. Owner's participation/management/staffing	Section 7 in Area Development Agreement. Section 12 in Franchise Agreement.	Items 11 and 15
r. Records/reports	Section 19 in Area Development Agreement. Sections 11 and 15 in Franchise Agreement.	Item 11

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
s. Inspections/audits	Section 19 in Area Development Agreement. Sections 15 and 16 in Franchise Agreement.	Items 6 and 11
t. Transfer	Section 16 in Area Development Agreement. Section 17 in Franchise Agreement.	Items 6 and 17
u. Renewal or extension	Section 4 in Area Development Agreement. Section 18 in Franchise Agreement.	Item 17
v. Post-termination obligations	Section 15 in Area Development Agreement. Section 20 in Franchise Agreement.	Item 17
w. Non-competition covenants	Section 11 in Area Development Agreement. Section 21 in Franchise Agreement.	Item 17
x. Dispute resolution	Sections 21 & 22 in Area Development Agreement. Sections 22 & 23 in Franchise Agreement.	Item 17
y. Other Electronic Funds Transfer Authorization	Not applicable in Area Development Agreement. Section 11 in Franchise Agreement.	Item 11
z. Guarantee	Sections 1 and 16D in Area Development Agreement Sections 1F and 18C in Franchise Agreement.	Item 15

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open the Fitness Facility, we will:

1. Provide you and our preferred designated vendor with recommended site selection criteria for the Fitness Facility. However, we are not responsible for the selection of a proposed site. Your selection of the site is subject to our approval. Our approval of the site and our review of the demographic information you provide us for your proposed site does not place any liability or responsibility upon us for the selection or profitablity of the site. The location, selection, procurement and development of a site for the Fitness Facility are your responsibility (Area Development

Agreement, Section 8; Franchise Agreement, Section 4). We will not generally own the premises or lease it to you.

Site selection does require our approval. We will exert our best efforts to deliver written notification of approval or disapproval of the site within 30 days of the receipt of any information and materials we may reasonably require (Franchise Agreement, Section 4.C.).

You must select a site for the Fitness Facility within five (5) months after the date of the Franchise Agreement. We may grant a 45-day extension of this time period if you demonstrate that you are diligently pursuing sites and you request an extension at least 14 days before the end of the period. Your failure to select a site in accordance with these requirements may result in the termination of the Franchise Agreement. We are not required to visit any site proposed by you for our approval.

If a site is not mutually agreed upon, the Franchise Agreement may be terminated.

You must enter into a lease or purchase agreement for the premises of the Fitness Facility within six (6) months after you have signed the Franchise Agreement. We may grant a 45-day extension of this time period if you demonstrate that you are diligently pursuing sites and you request an extension at least 14 days before the end of the period.

If you have entered into an Area Development Agreement for multiple Fitness Facilities, you must select a site for each Fitness Facility in accordance with the Area Development Agreement. After you have selected a site, we will submit the Franchise Agreement to you for the Fitness Facility to be operated at that site. The Franchise Agreement must be signed and returned to us by you within 15 days, accompanied by the initial franchise fee for that Fitness Facility, if applicable.

The site you select should meet our general criteria for demographics including population of the work force or residents within your Protected Area, character of the neighborhood, household income of residences within your Protected Area, ingress and egress to the site, proximity to and the nature of other businesses, and other physical and commercial characteristics.

You are responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants related to the premises of the Fitness Facility. Before you begin construction of the Fitness Facility, you must (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Fitness Facility, and (ii) certify in writing to us that the insurance coverage specified in the Operations Manual is in force and effect and that you have obtained or required approvals, clearances, permits and certifications (Franchise Agreement, Section 5).

2. Give you mandatory and suggested specifications and layouts for a Fitness Facility, including requirements for dimensions, design, interior layout, decor, fixtures, equipment, furnishings and color scheme. (Franchise Agreement, Section 12).

3. Provide you with lists of minimum requirements for fitness and exercise equipment, initial inventory of products and services to be provided for purchase by members of your Fitness Facility, list of designated and approved suppliers from whom you must or may buy or lease required items (which may be limited to or include us, our affiliate or other specified exclusive sources approved by us). (Franchise Agreement, Section 12).

4. Loan you one copy of the Operations Manual (Franchise Agreement, Section 6).

5. Train you and any of your Fitness Facility managers and all initial trainers of classes of your Fitness Facility. (Franchise Agreement, Section 6). A description of the initial training program is disclosed later in this Item.

6. We may provide you with training and assistance in connection with the pre-opening and initial operation of your Fitness Facility. You must have a certificate of occupancy from your local governmental agency before we schedule the pre-opening assistance.

Other than as listed above and what is provided with the initial package, we do not provide any other services to you.

Time For Opening

When a Fitness Facility is developed and opened under a Franchise Agreement that is not part of an Area Development Agreement, the time period is typically six to ten months. When a Fitness Facility is developed and opened under both an Area Development Agreement and a Franchise Agreement, the time period between the signing of the Franchise Agreement until the opening of the Fitness Facility is typically six to ten months on the initial location and two to four months on subsequent location; measured from the time you execute the Franchise Agreement. However, these time periods may vary depending upon factors including your ability to secure financing, the location and condition of the premises, and the completion of the improvements to the premises.

Training Program

We will conduct an initial business training program for the operation of your Fitness Facility, which will include instruction in owner-operator responsibility, equipment, operations, inventory controls, sales and marketing, facility membership sales and will consist of classes and on-the-job training furnished at one of our affiliate-owned Fitness Facilities. You and your general manager must attend and successfully complete, to our satisfaction, the initial training program at least 10 days before the opening of your Fitness Facility. In the case of purchasing an existing Fitness Facility, you must attend training prior to taking over operations. You must pay us a one-time initial training fee in the amount of $995 at the time you sign the Franchise Agreement. You will be solely responsible for the travel, lodging and living expenses for you, your general manager, or, if you are an entity, your representative, when attending the initial training program or any supplemental or refresher training programs

We offer the initial training program continuously throughout the year as needed or as requested by you. You must provide us at least one month prior notice of your request to attend the initial training program. If at any time during the initial training program, it appears to us that a proposed general manager is not able to successfully complete the training to our satisfaction, then that person will be removed from the initial training and you must designate a successor general manager who must attend and successfully complete the initial training program.

The outline of the initial training program is as follows:

THE TRAINING PROGRAM

Subject	Hours of Classroom Training1	Hours of On-the-Job Training	Location2
Operations Manual for Owners	1 hour	-	Pre-opening Webinar (remotely)
Story and Mission	1 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Operating Standards	1 hour	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Labor Relations	0.5 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Recruiting and Hiring	3 hours	-	Pre-opening Webinar (partially); Classroom training at Designated Training Facility in Ann Arbor, MI or other location we designate
Operations	6.5 hours	-	Pre-opening Webinar (partially); Classroom training at Designated Training Facility in Ann Arbor, MI or other location we designate
Memberships	4 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Marketing Your Franchised Business	4 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Planning for Success	2 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Public Relations	1 hour	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Marketing Standards	4 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate

Subject	Hours of Classroom Training1	Hours of On-the-Job Training	Location2
Crisis Management	0.5 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Facility Management	4 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Business Administration	2 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Legal Requirements	0.5 hours	-	Pre-opening Webinar (partially); Classroom Training at Designated Training Facility in Ann Arbor, MI or other location we designate
Initial Trainer Training	-	Approximately 14 to 21 hours	Classroom training at our Ann Arbor, MI or New York Training Centers. Alternatively, the training may be on-site at the Premises of your Franchised Business at franchisors discretion
TOTALS	**35 hours**	**14 to 21 hours**	

The subject and time periods allocated to the subjects taught to you and your personnel may vary in our sole discretion, based on the experiences of those persons being trained. The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you (Franchise Agreement, Section 6).

Instructors of the initial training program include: (1) Helaine Knapp, our founder and CEO who has been with us and our affiliates since February of 2013 and has ~~six~~seven years of experience in the health and wellness fitness industry; (2) Annie Mulgrew, our Executive Vice President, who has been with us and our affiliates since November 2013 and has ~~eight~~nine years of experience in the health and wellness fitness industry; and (3) Ashley Davis, our Executive Vice President, who has been with us and our affiliates since July 2014 and has ~~four~~five years of experience in the health and wellness fitness industry~~; and (4) Tim O'Connor our who has been with us since our inception in January 2018 and has over 25 years of franchising and corporate training experience~~.

The training materials will consist of the Operations Manual.

Initial and Subsequent Trainer Training

We will conduct a training program for the trainers of your Fitness Facility. The initial trainer training fee is $995 and must be completed prior to opening at a location we designate. You are responsible for the cost of travel and lodging expenses for your employees in connection with each Training Instance. After your initial trainer training, any subsequent training shall be $300 per trainee at our training facility.

Supplemental Training

We may provide you and your employees supplemental training, as we determine in our discretion, or as requested by you. You and your employees must attend and successfully complete, to our satisfaction, all supplement training.

All supplemental training will be furnished at a time and place we designate and for a duration we determine at the time the supplemental training is required by us or requested by you.

You must pay us our then-current supplemental training fee, which is currently $300 per day and will not exceed $1,000 per day, plus reimburse us for our expenses, including transportation, hotel and meals for our employees providing such training. The supplemental training may be held at your Fitness Facility. We will not require that you participate in supplemental training more than once annually unless you are in default of your obligations under the Franchise Agreement.

Plans and Specifications

We will provide you with a copy of our standard recommended floor plan and specifications for layout and placement of fitness equipment, rowers, fixtures, and cardiovascular and weight equipment. We must approve your floor plan for your Fitness Facility.

During your operation of the Fitness Facility, we will:

1. Advise you of operating problems at your Fitness Facility disclosed by reports submitted by you or by visits by us to your Fitness Facility. We may evaluate your Fitness Facility and the products and services provided to ensure that you will maintain the standards of quality and service we require in the operation of your Fitness Facility (Franchise Agreement, Section 6).

2. Give you, at your request and our option, additional or special guidance, assistance, and training (Franchise Agreement, Section 6, Paragraph E).

3. Continue to loan to you one copy of the Operations Manual, which may include audio tapes, compact discs, computer software, other electronic media, and/or written materials. The Operations Manual may contain mandatory and suggestive specifications, standards and operating procedures. We may modify the Operations Manual periodically to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques standards (Franchise Agreement, Section 6, Paragraph F).

4. Grant you the right to use our Licensed Marks in the operation of your Fitness Facility (Franchise Agreement, Section 7, Paragraph C).

5. Develop brochures and advertising materials through the utilization of the Marketing Fund described later in this Item (Franchise Agreement, Section 14, Paragraph A)..

6. Train any new general manager of your Fitness Facility. We have the right to assess you reasonable charges for this additional training. We may also provide you with required supplemental training throughout the term of the Franchise Agreement. In the event we provide additional training to you as we determine or as you request you must pay us additional training fees of $300 a day, plus reimbursement for the travel, room and meals of our employees providing such training. This supplemental training will be furnished at a time and place we designate. (Franchise Agreement, Section 6, Paragraph B).

7. Administer the Marketing Fund discussed later in this item. (Franchise Agreement, Section 14, Paragraph A).

Operations Manual

We loan you during the term of the Franchise Agreement one copy of an Operations Manual, which may consist of one or more handbooks or manuals and other written, video or audio materials (collectively the "Operations Manual"). The Operations Manual contains mandatory and suggested specifications, standards and operating procedures we prescribe for the operation of your Fitness Facility and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques. No addition or modification may alter your fundamental status and rights. You must keep one copy of the Operations Manual current and the master copy of the Operations Manual we maintain at our principal office controls if there is a dispute relative to the contents of the Operations Manual (Franchise Agreement, Section 6, Paragraph F). The Operations Manual contains 179 pages. Exhibit F to this Franchise Disclosure Document is the table of contents of the Operations Manual.

Advertising and Marketing

1. National Marketing Fund. We reserve the right to establish and administer a National Marketing Fund (the "Marketing Fund"). If established, we will direct all Marketing Fund programs, with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all advertising, marketing and public relations materials. We will have the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the development and implementation of advertising, marketing and public relations programs. The Marketing Fund programs and activities will be intended to maximize the public's awareness of all Fitness Facilities and of the Licensed Marks and we will be under no obligation to ensure that you or any other franchisee benefits directly or proportionately from the placement of such advertising, marketing and public relations programs and activities in relationship to franchisees' contributions to the Marketing Fund (Franchise Agreement, Section 14, Paragraph A). The Marketing Fund, if established, may be used to meet all costs and expenses related to the following Fund programs and activities (Franchise Agreement, Section 14, Paragraph A):

a. Maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities, including, without limitation, the cost of preparing and conducting television, radio, video, direct mail, magazine, billboard, newspaper, Internet including the costs of developing and maintaining an internet website, and other media programs and activities;

b. Employing advertising agencies and utilizing our administrative personnel to perform advertising and public relations services;

c. Developing promotional brochures and advertising materials, including, without limitation, point of sale materials, for all Fitness Facilities for purchase by franchisees and by regional and local advertising cooperatives;

d. Conducting market research, testing and development of new products, services and equipment considered for a Fitness Facility;

e. Reimbursement of our administrative and personnel costs and salaries and overhead associated with advertising, marketing, telemarketing, public relations, market research, product development and payment for consultants providing services in product development, customer satisfaction, guest loyalty, consumer research and any expenses related to these services; and

f. Conducting semiannual marketing meetings and for annual franchise convention costs.

The media in which the advertising may be disseminated includes, but is not limited to, print, point of purchase, radio, television, direct mail, electronic, internet, video and billboard. The media coverage may be local, regional or national. The source of the advertising may utilize an in-house advertising and marketing personnel, or a local advertising agency or free-lance artist. You may utilize your own advertising material subject to submission to us and approval by us in writing of the content (Franchise Agreement, Section 14, Paragraph A).

Upon commencement of the Marketing Fund, you must contribute to the Marketing Fund an amount equal to no less than 1% of Gross Revenue of your Fitness Facility, which will be paid on Tuesday of each week for the preceding week by Electronic Funds Transfer (see Exhibit H). We may increase your required contributions to the Marketing Fund. Any increases in the required contribution to the Marketing Fund will not be made more frequently than annually and will not exceed an increase of 1% in any year and the maximum contribution will not exceed 2% of Gross Revenue (Franchise Agreement, Section 14, Paragraph A).

Fitness Facilities that we or any of our affiliate own, may, but are not required to, contribute to the Marketing Fund and if such contributions are made, the contributions may not be on the same basis as franchisees' contributions to the Marketing Fund.

We will account for the Marketing Fund separately. It will not be used to defray any of our general operating expenses, except for salaries, administrative costs, travel and overhead as we may incur in activities related to the administration or direction of the Marketing Fund and its programs and activities as described above and for collecting and accounting for contributions to the Marketing Fund. We will prepare an unaudited annual report of the operations of the Marketing Fund, which will be available to you upon reasonable request (Franchise Agreement, Section 14, Paragraph A).

The Marketing Fund is not our asset; the Marketing Fund is not a trust. We will have no fiduciary obligation to you for administering the Marketing Fund. We may spend on behalf of the Marketing Fund in any fiscal year more or less than the total Marketing Fund Contributions in that year, by borrowing from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will not use contributions for advertising that principally is a solicitation for the sale of franchises.

We may spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year and we may make loans to the Marketing Fund.

Although the Marketing Fund is intended to be perpetual, we may terminate the Marketing Fund at any time in our sole discretion. The Marketing Fund will not be terminated until all monies paid to the Marketing Fund have been expended for the activities of the Marketing Fund (Franchise Agreement, Section 14, Paragraph A).

We will make available to you for purchase advertising and marketing materials, direct mail materials, merchandising materials, sales aid, point of sale materials, special promotions, direct mail

materials and similar advertising and marketing materials, promotional materials and public relations materials, which may be produced by the Marketing Fund for purchase by you and by local or regional advertising cooperatives (Franchise Agreement, Section 14, Paragraph A).

2. Local Advertising. In addition to contributions to the Marketing Fund, you must spend a minimum of $20,000 before the first anniversary of the opening of the Fitness Facility on local advertising and public relations activities designed to publicize the operation of your Fitness Facility in your market area. You may use advertising materials developed by you which have been previously approved by us or the marketing materials we have provided to you. We may require that you provide reports of the monthly advertising expenditures, public relations and marketing expenses on a monthly basis. If expenditures by you for local advertising and public relations activities do not total a minimum of $20,000 before the first anniversary of the opening of the Fitness Facility, you must remit the amount of the deficiency to us for deposit in the Marketing Fund. All marketing, advertising and promotion conducted by you outside your Protected Area must be performed in accordance with the Operations Manual or other written communication from us or be approved by us in advance. After the first anniversary, a minimum monthly expenditure of $2,000 is required for local advertising and public relations activities. Included in this calculation would be any contribution made to a cooperative approved by us.

We are not required to spend any amount of adverting in your territory.

3. Local or Regional Advertising Cooperative. We may designate any geographic area in which two or more CITYROW Fitness Facilities are located as a region for purposes of establishing an advertising cooperative (the "Cooperative"). The members of the Cooperative for any area will consist of all CITYROW Fitness Facilities whether operated by us, our affiliate, or by any of our affiliate's wholly- owned subsidiaries or by franchisees. We will administer the Cooperative. We will determine how each Cooperative will be organized and governed and when it must start operation. We have the right to dissolve, merge, or change the structure of the Cooperative. Each Cooperative will be organized for the exclusive purpose of administering advertising programs and public relation activities, subject to our approval for use by the members of the Cooperatives. If a Cooperative has been established for the geographic area where your Fitness Facility is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents (the "governing documents"). The governing documents will be available for you to review.

Contributions to the Cooperative will be credited to your obligation to spend a minimum on local advertising and public relations activities designed to publicize the operation of your Fitness Facility in your market area. You must contribute monthly to the Cooperative as determined by the Cooperative. We have established a minimum monthly contribution of $1,000 per Fitness Facility for each Cooperative. You will not have to contribute more than $3,000 each month to the Cooperative unless all of the franchisees who are members of the Cooperative vote to increase the maximum contribution above $3,000 per Fitness Facility each month (Franchise Agreement, Section 14, Paragraph C). Neither the Marketing Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises. Fitness Facilities that we or any of our affiliate own, reserve the right, but may not be required, to contribute to the Cooperative.

As of the date of this disclosure document, an Advertising Cooperative has not been established.

4. Advertising Approval. You must submit to us for prior approval all samples of advertising and promotional materials not prepared by us or previously approved by us. You may

not use any advertising or promotional materials that have not been approved by us in writing (Franchise Agreement, Section 14, Paragraph D).

5. Advertising Council. We may form one or more councils of franchisees to consult with and advise us regarding marketing plans, advertising programs, public relations activities, customer surveys, and marketing research. We may form a Fund Advertising Council ("Council") comprised of franchisees appointed by us. We retain the authority and responsibility for all matters before the Council, but will consider the recommendations of the Council. All decisions of the Franchisor will control in our absolute and sole discretion. The Council will serve in an advisory capacity only. We have the right to form, change or dissolve the Council. As of the date of this disclosure document, an Advertising Council has not been established.

Computer System

You must obtain and use in your Fitness Facility a computer-based point-of-sale cash register system, iPad®, an Apple® compatible computer, multifunction printer/scanner (the "Computer System"). The Computer System will generate reports and sales and expenses of the Fitness Facility and currently costs about $2,449. The Computer System is not included in the standard initial package described in Items 5, 6, 7 and 8. The specifications for the Computer System may be established by us in the Operations Manual or in written communications to you. You may obtain the Computer System from any vendor so long as the Computer System meets our requirements. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future. We cannot estimate the annual cost for any optional maintenance or service contract that you may choose to purchase on your own accord.

You must have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method.

You must use a point of sale system approved by us and you must purchase the point of sale system from a supplier approved by us. We may require you install and maintain equipment meeting our suggested standards that permit to receive and retrieve by telecommunication or other methods any information stored on the system. Currently, the Computer System is required because of its ability to compute sales. The initial cost of the point of sale system hardware and software is $2,019 and is in addition to the Computer System costs.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency or cost of our changes. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. We or our affiliate may condition any license of proprietary software to you, for your use of technology that we or our affiliate develop or maintain, on your signing a software license agreement or similar document that we or our affiliate prescribe to regulate your use of, and our and your respective rights and responsibilities concerning the software or technology. We or our affiliate may charge you a monthly or other fee for any proprietary software or technology that we or our affiliate license to you and for other maintenance and support services that we or our affiliate provide during the franchise term.

ITEM 12

TERRITORY

FRANCHISE AGREEMENT

The Franchise Agreement grants you the right to operate a Fitness Facility at a single location that you select and that we approve within an exclusive geographic area described in Exhibit A to your Franchise Agreement (the "Protected Area"). The Franchise Agreement also grants certain territorial rights to you with respect to the Protected Area, and if you are in compliance with the Franchise Agreement, we are not permitted to open, or allow others to open, another Fitness Facility within the Protected Area except as described below in the Reservation of Rights section. If you do not have a location for your Fitness Facility at the time of signing the Franchise Agreement, you will sign Alternative Exhibit A which will specify a Site Selection Area in which the location of the Fitness Facility will be established. Exhibit A will then be completed after the location has been selected and approved. Site Selection Areas are not exclusive, and we reserve the right to establish other Fitness Facilities and authorize others to establish Fitness Facilities, within a Site Selection Area that we grant to you.

The Protected Area is typically defined based on a radius from the location of the Fitness Facility and will include a population of 50,000 and will not exceed a radius of 3 miles (6-mile diameter). We reserve the right to vary the size of the radius restriction based on the demographics and development of each market.

You must operate the Fitness Facility only at the approved location and may not relocate the Fitness Facility without first obtaining our written consent. You may not establish or operate another Fitness Facility unless you enter into a separate Franchise Agreement for that Fitness Facility.

If you are in compliance with the Franchise Agreement and any other agreement you have with us or with our affiliate, we and our affiliate will not establish a Fitness Facility, and we will not authorize anyone except you to establish a Fitness Facility, in the Protected Area granted you by your Franchise Agreement during its term.

You may face competition from other Fitness Facilities that we or our affiliate franchise or own and that operate at traditional sites outside your territory. You may also face competition from other outlets we own or franchise, or from other channels of distribution or competitive brands we control.

If you sign a Franchise Agreement according to your development right and obligations under an Area Development Agreement, your approved location for the Fitness Facility must be within the Site Selection Area granted to you by the Area Development Agreement.

AREA DEVELOPMENT AGREEMENT

1. Site Selection Area

The Area Development Agreement grants you certain rights (as described below) within a Site Selection Area. Site Selection Areas consist of metropolitan statistical areas ("MSA") as established and defined by the U.S. Office of Management and Budget. The size of the Site Selection Area will vary by MSA. We will determine the Site Selection Area before you sign the Area Development Agreement based on various market and economic factors.

2. Rights During Development Periods

Provided you are (a) in full compliance with the terms and conditions contained in the Area Development Agreement, including the development obligations contained in the Development Schedule and (b) in full compliance with all obligations under Franchise Agreements entered into between CRF and you under the Area De*v*elopment Agreement, then during the development periods, CRF will grant to you, according to the provisions of the Area Development Agreement, franchises for the ownership and operation of Fitness Facilities located within the Site Selection Area . Your rights within the Site Selection Area are non-exclusive. You will not receive an exclusive Site Selection Area under your Development Agreement. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control.

Once you have secured a Premises for a given Fitness Facilities to be developed per your Development Agreement, we will grant you a Protected Area around that Fitness Facilities as described above.

The rights granted to you under the Area Development Agreement are dependent upon your meeting the development obligations but are not otherwise dependent on the achievement of a certain sales volume or market penetration.

Fitness Facilities, whether franchised, affiliate-owned or company-owned, are free to advertise, solicit and accept orders from any customer regardless of your Site Selection Area.

Reservation of Rights by CRF

CRF (on behalf of itself, its affiliate and its affiliate's subsidiaries) retains the absolute right, in its sole discretion and without granting any rights to developers or to individual unit franchisees:

a. To itself operate or to grant other persons the right to operate Fitness Facilities at locations and on terms and conditions as CRF deems appropriate (except at locations within the Protected Area granted by a Franchise Agreement);

b. To sell the products and services authorized for Fitness Facilities under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and upon terms we deem appropriate within and outside the Site Selection Area granted by the Area Development Agreement and within and outside the Protected Area granted by the Franchise Agreement, including, without limitation, by electronic means, such as on the Internet and by websites we establish and in commercial retail and wholesale outlets, as we determine, in our sole discretion;

c. To advertise and promote, and to grant others the right to advertise and promote, the System in the Site Selection Area granted by the Area Development Agreement, in the Protected Area granted by the Franchise Agreement, and on the Internet, and to create, operate, maintain and modify, or discontinue the use of websites using the Licensed Marks;

d. To offer and sell, and authorize others to offer and sell collateral products such as training tapes, clothing, fitness equipment and CITYROW memorabilia under the Licensed Marks at or from any location;

e. To own, operate or license others to own and operate other fitness concepts provided the other concepts are not similar to a Fitness Facility or use the Licensed Marks;

f. To establish and operate and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Site Selection Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement, under the Licensed Marks and on any terms and conditions we deem appropriate;

g. To acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Fitness Facilities and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Site Selection Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement; and

h. To be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Fitness Facilities, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Site Selection Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above within the Site Selection Area granted by the Area Development Agreement or in the Protected Area granted by the Franchise Agreement.

Although we and our affiliate have the right to do so, we and our affiliate have not operated or franchised and have no plans to operate or franchise at this time, other businesses selling or leasing similar products or services under different trademarks.

We do not restrict you from soliciting or accepting members to your Fitness Facility residing or working from outside your Site Selection Area or outside your Protected Area. There are no restrictions on us or on other franchisees from soliciting or accepting members that reside or work inside your Site Selection Area or your Protected Area.

Other than described above, there are no circumstances that permit us to modify your territorial rights.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

ITEM 13

TRADEMARKS

CRF grants you the right to operate your Fitness Facility under the service mark CITYROW® and any other current trademarks, trade names, service marks and logos we designate for use in a Fitness Facility the ("Licensed Marks"). The following table sets forth the status of Federal registrations with the United States Patent and Trademark Office (the "PTO") on the Principal Register of those marks licensed to you:

MARK	OWNER	STATUS	REGISTRATION NUMBER	REGISTRATION DATE
	CITYROW HOLDINGS, LLC	Registered	4913570	March 8, 2016
CITY ROW	CITYROW HOLDINGS, LLC	Registered	4758955	June 23, 2015
CITY ROW	CITYROW HOLDINGS, LLC	Registered	4503280	March 25, 2014

The Licensed Marks are owned by CITYROW Holdings, LLC. CITYROW Holdings, LLC has granted CRF the right to use the Licensed Marks and sublicense the use of the Licensed Marks to franchisees according to a License Agreement dated January 8, 2018. The initial term of the License Agreement is 70 years and the License Agreement automatically renews for additional consecutive five-year terms unless at least six months' notice of termination is given.

No affidavits or renewal filings are yet due in connection with these registrations. Termination of the License Agreement will not affect existing Franchise Agreements. No other agreement limits our right to use or license the Licensed Marks.

You must follow our rules when you use the Licensed Marks, including giving proper notices of trademark and service mark registrations and obtaining fictitious or assumed name registrations required by law. You may not use any Licensed Mark in your corporate or legal business names; with modifying words, terms, designs or symbols (except for those we license to you); and sell in any unauthorized services or products; or as part of any domain name, home page, electronic address or otherwise in connection with a website.

There are no currently effective material determinations of the PTO, the Trademark Trial And Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Licensed Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Licensed Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Licensed Mark, or of any person's claim of any right to any Licensed Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interest in any litigation or PTO proceeding or other proceeding. We will reimburse you for your cost of taking any action that we ask you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Licensed Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the signs at your Fitness Facility, for any loss of revenue due to any modified or discontinued mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages and expenses that you incur in any trademark infringement or unfair competition proceeding disputing your authorized use of any Licensed Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Licensed Mark. CRF may establish new Licensed Marks in the future and you must use and display these marks according to our specifications and you must bear all costs associated with changes to the Licensed Marks or introduction of new Licensed Marks.

Our affiliate, CITYROW HOLDINGS, LLC, registered the domain name www.cityrow.com. You must not register the service mark CITYROW® or any Licensed Mark now or hereafter owned by CITYROW HOLDINGS, LLC or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future. We have the right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. You have the right to access the website; however, except as we may authorize in writing, in our sole discretion, you shall not in any way: (a) link or frame our website; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with your franchise.

AREA DEVELOPMENT AGREEMENT

Your right to use the Licensed Marks is derived solely from the Franchise Agreement. All uses of the Licensed Marks by you and any goodwill established exclusively benefits CRF. After the termination or expiration of the Area Development Agreement, you may not, except for Fitness Facilities operated by you according to Franchise Agreements granted by CRF directly or indirectly, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, CRF or use in any manner or for any purpose any Licensed Mark or other indicia of the Fitness Facility or any colorable imitation.

You may not use any mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may you use any Licensed Mark in connection with any business or activity, other than the business conducted by you according to the Franchise Agreements entered into between you and CRF or in any other manner CRF does not explicitly authorize in writing.

You must immediately notify CRF in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which you become aware. You may not communicate with any person other than CRF and its counsel regarding any infringement, challenge or claim. CRF will have sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, PTO proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

FRANCHISE AGREEMENT

Your right to use the Licensed Marks is derived solely from the Franchise Agreement and is limited to the conduct of your business in compliance with the Franchise Agreement.

All usage of the Licensed Marks by you and any goodwill established exclusively benefits CRF. You may not, at any time during the term of the Franchise Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks.

All provisions of the Franchise Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for your use.

You must use the Licensed Marks as the sole identification of the Fitness Facility, but you must also identify yourself as the independent franchise owner in the manner we prescribe. You may not use any Licensed Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Licensed Mark in the sale of any unauthorized product or service or in any other manner we do not expressly authorize in writing.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than CRF and its counsel regarding any infringement, challenge or claim. CRF has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, PTO proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. You must execute all documents, render assistance and do acts and things advisable to protect and maintain the interests of CRF in any litigation, PTO proceeding or other administrative proceeding or to otherwise protect and maintain the interests of CRF in the Licensed Marks.

CRF will indemnify you against and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Licensed Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, if you have timely notified CRF of the claim or proceeding and have otherwise complied with the Franchise Agreement and if CRF has the right to defend any claim. If CRF defends the claim, CRF has no obligation to indemnify or reimburse you for any fees or disbursements to any attorney retained by you.

If it becomes advisable at any time, in CRF's sole discretion, for CRF and/or you to modify or discontinue use of any Licensed Mark and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after notice by CRF and CRF has no obligation to reimburse you for the out-of-pocket costs of complying with this obligation.

There may be infringing uses in regional markets by third parties who may be utilizing the name CRF or marks similar to one or more of the Licensed Marks in conjunction with a Fitness Facility and this use would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before CRF's use, CRF and franchisees may be prohibited from utilizing the marks, names, logos or symbols within the market of the prior use.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyrights in the Operations Manual, advertising and marketing materials and similar items used in operating Fitness Facilities. We have not registered these copyrights with the U.S. Register of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Fitness Facility.

There currently are no effective adverse determinations of the PTO, the Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the System's best interest. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information, including the programming and format of our fitness classes (some of which constitutes trade secrets under applicable law). This information may include site selection criteria, training and operations materials, methods, formats, specifications, standards, systems, procedures, fitness training techniques, rowing techniques, knowledge and experience used in developing operating Fitness Facilities; marketing and advertising programs, computer software or similar technology that is proprietary to us or the System; knowledge of specifications for and suppliers of assets, knowledge of the operating results and financial performance of Fitness Facilities; and other graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a Fitness Facility, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to protect improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require you to be involved in the day to day operation of your Fitness Facility. However, we recommend you (or, if you are an entity, your managing owner) should act as the general manager of your Fitness Facility with the responsibility for the direct, on-premises supervision of the operation of your Fitness Facility. You (or your managing owner or the general manager) should devote full

time and efforts to the management and supervision of your Fitness Facility. You must at all times faithfully, honestly, and diligently perform your contractual obligations and you must use your best efforts to promote and enhance the Fitness Facility. System standards may regulate the staffing levels of your Fitness Facility and we may make recommendations for employee qualifications, training, dress and appearance. If you are a legal entity, you must appoint a shareholder, member or partner (as applicable) to be your "Managing Owner", or a general manager who is responsible for overseeing and supervising the operation of your Fitness Facility.

You must keep us informed at all times of the identity of your supervising employees acting as managers and assistant managers of your Fitness Facility. Your managers and assistant managers need not have an equity interest in the franchise entity, but they must agree to preserve confidential information to which they have access and to not compete with you, us and other franchisees and make such commitments in writing. We may regulate the form of agreement that you use, and we may be a third-party beneficiary of that agreement with independent enforcement rights.

If you are in a corporation, limited liability company, or partnership, your owners must personally guaranty your obligations under the Franchise Agreement and the Area Development Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenants not to compete. This "Guaranty and Assumption of Obligations" is included as an exhibit to the Franchise Agreement.

At our discretion, we may require your spouse and your business partners, if any, to sign the Guaranty and Assumption of Obligations which is attached to the Franchise Agreement. In the Guaranty and Assumption of Obligations, each guarantor unconditionally guarantees the full and faithful performance of the obligations under the Franchise Agreement and agrees to be personally liable for every breach by you of the Franchise Agreement.

The Managing Owner of the franchisee or the managers of your Fitness Facility must attend and successfully complete, to our satisfaction, our training program.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell only the products and services, including the specified fitness classes that we have authorized and approved. You must price the initial and monthly fees charged to members of your Fitness Facility in compliance with our requirements for pricing of the initial and ongoing memberships as stated in our Operations Manual. Currently, the minimum monthly membership price is $109 per month and the recommended minimum monthly membership price is $129 per month. We have the right to establish the pricing structure for the fitness classes you offer to your members. In addition, you must honor memberships in other franchised or company owned Fitness Facilities and allow members of other CITYROW Fitness Facilities to participate in your club activities and to attend the specified fitness classes offered at your Fitness Facility without additional charge. You acknowledge and agree that the uniformity of services and of the respective fees charged for the services at all franchised CITYROW Fitness Facilities are critically important to the operation of your Fitness Facility. We have the right to change the requirements of authorized products and services that may be offered at a Fitness Facility without limitation.

We may also designate some goods and services as optional for qualified franchisees. We may require special training and certifications before we will allow you to offer these optional goods and services.

Our System standards may regulate required and/or authorize fitness classes, fitness equipment, inventory or products for sale to the members of your Fitness Facility and the pricing of the authorized fitness classes that may be offered at your Fitness Facility. We may prescribe operating procedures for the operation of your Fitness Facility; and establish inventory requirements for the products and supplies available for purchase by members of your Fitness Facility. We periodically may change required and/or authorized services and products. There are no limits on our right to do so.

We do not impose any restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3 in Area Development Agreement. Section 2 in Franchise Agreement.	Term in Area Development Agreement ends on last day of Development Period in Development Schedule. Term of Franchise Agreement is 10 years.
b. Renewal or extension	Section 4 in Area Development Agreement. Section 18 in Franchise Agreement.	If you are in good standing we may offer you the right to extend this Agreement. If you are in good standing you can add an additional term of 10 years.
c. Requirements for franchisee to renew or extend	Section 18 in Franchise Agreement.	You must give at least 7 months' notice, repair and update equipment and Fitness Facility premises, not be in breach of any agreement with us or our affiliate, satisfy all monetary obligations, have the right to remain in possession of the Fitness Facility premises, pay a renewal fee of $5,000, execute the then-current Franchise Agreement and General Release and comply with current qualifications and training requirements. The then-current Franchise Agreement you may be asked to sign as a condition of renewal may contain terms and conditions materially different from those in your previous Franchise Agreement, such as, but without limitation (1) increases in Marketing Fund fee, (2) increases in the renewal fee (3) increases in the Performance Standard (4) increases

PROVISION	SECTION IN AGREEMENT	SUMMARY
		in other fees and (5) implementing new fees. Your royalty fees will not be increased and your Protected Area will not be reduced.
d. Termination by franchisee	N/A	You may terminate the Area Development Agreement and/or Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	N/A	N/A
f. Termination by franchisor with cause	Section 14 in Area Development Agreement. Section 19 in Franchise Agreement.	CRF may terminate Area Development Agreement for failure to develop Fitness Facilities. No default under the Area Development Agreement shall cause a default under a Franchise Agreement unless there is an independent default under the applicable Franchise Agreement. Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Section 14 in Area Development Agreement. Section 19 in Franchise Agreement.	Curable defaults include: meet development requirements, designate qualified Representative, failure to comply with all terms of this Agreement and any executed Franchise Agreement, failure to correct a deficiency of a health, sanitation, or safety issue after notification, misuse of unauthorized use of any Licensed Marks, 14 days after notice to pay monetary obligations. No default under the Area Development Agreement shall cause a default under a Franchise Agreement unless there is an independent default under the applicable Franchise Agreement. Curable defaults include: 30 days after a request to obtain signing of covenants, meet development requirements, transfer without our written consent, to procure and maintain insurance policies, to cure misuse or unauthorized use of Licensed Marks, to

PROVISION	SECTION IN AGREEMENT	SUMMARY
		cure failure to comply with any requirement of any Franchise Agreement between you and us, failure to observe standards and specifications, failure to comply with all laws and regulations, failure to correct a deficiency of a health, sanitation, or safety issue after notification, failure to comply with all covenants, failure to comply with operating standards, 14 days to pay monetary obligations, under any agreement with CRF.
h. "Cause" defined – non-curable defaults	Section 14 in Area Development Agreement.	Noncurable defaults include: if developer becomes insolvent, makes a general assignment for the benefit of creditors, files a petition or has a petition initiated against him under federal bankruptcy laws, is adjudicated bankrupt, has receiver appointed, proceedings for composition with creditors instituted, final judgment remains unsatisfied or of record for 30 days, is dissolved or signing is levied against business or property, a suit to foreclose a lien or mortgage is levied, an immediate threat or danger to public health or safety, fails 3 or more times within 12 months to comply with a material provision of the Agreement, discloses contents of Operations Manual or other confidential information or makes material misrepresentation on Application or breaches any covenants (also applies to Principal), transfers any rights or obligations to a third party without CRF's written consent (also applies to Principal), repeatedly commits a material event of default (also applies to Principal).
	Section 19 in Franchise Agreement.	Noncurable defaults include: if franchisee becomes insolvent, makes a general assignment for the benefit of creditors, files a petition or has a petition initiated against him under federal bankruptcy laws, is adjudicated bankrupt, has receiver appointed, proceedings for composition with creditors instituted, final judgment remains unsatisfied or of record for 30 days, is dissolved or signing is levied

PROVISION	SECTION IN AGREEMENT	SUMMARY
		against business or property, a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days, sells unauthorized products or services, fails 3 or more times within 12 months to comply with a material provision of the Agreement, you (or Principal) makes a material misrepresentation on application, abandons or loses right to Fitness Facility premises, is convicted of or pleads nolo contendere to felony or any crime CRF believes will likely have adverse effect on the system (also applies to Principal), an immediate threat or danger to public health or safety, discloses any confidential information (also applies to Principal), breaches any material aspect of covenants or any other contact activity within the Premises of the Fitness Facility with another member or guest of the Fitness Facility or with one of your employees or you (or with any Principal).
i. Franchisee's obligations on termination/ nonrenewal	Section 14 in Area Development Agreement. Section 20 in Franchise Agreement.	Termination of the Area Development Agreement will end your rights to open Fitness Facilities. Termination of the Franchise Agreement requires you to cease operating the Fitness Facility and using the Licensed Marks and System and to completely de-identify the business, cancel all fictitious or assumed names, notify telephone company of termination of rights to use telephone number, pay all amounts due to us or our affiliate, return all Operations Manuals and software and other proprietary materials, comply with confidentiality requirements and, at our option, sell or assign to us your rights in the Fitness Facility premises and the equipment fixtures used in the business.
j. Assignment of contract by franchisor	Section 16 in Area Development Agreement. Section 17 in Franchise Agreement.	No restriction on CRF's right to assign. No restriction on CRF'S right to assign.
k. "Transfer" by franchisee	Section 16 in Area Development Agreement.	Includes sell, assign, transfer, convey, give away, pledge mortgage or encumber any

PROVISION	SECTION IN AGREEMENT	SUMMARY
defined		direct or indirect interest in the Area Development Agreement.
	Section 17 in Franchise Agreement.	Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.
l. Franchisor approval of transfer by franchisee	Section 16 in Area Development Agreement.	CRF has the right to approve all transfers but will not unreasonably withhold approval.
	Section 17 in Franchise Agreement.	CRF has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 16 in Area Development Agreement.	CRF has right of first refusal; if not exercised within 30 days then proposed transferee must qualify, all transferee's principals must execute documents assuming all obligations of Developer under the Area Development Agreement and sign then-current Franchise Agreement, Developer and all principals must not be in default of any obligations, execute general release, pay transfer fee and pay any referral fees or commissions that may be due to any franchise broker, seller or other third party.
	Section 17 in Franchise Agreement.	Transferee must meet qualifications, all monetary obligations must be paid, you must not be in default of any provisions of agreement, transferor and its principals must sign general release, transferee must assume all obligations and responsibilities of franchisee and sign then-current Franchise Agreement, upgrade Fitness Facility to current specifications, satisfactorily complete training, pay transfer fee of $10,000, transferor must sign covenant not to compete and pay any referral fees or commissions that may be due to any franchise broker, seller or other third party.

PROVISION	SECTION IN AGREEMENT	SUMMARY
n. Franchisor's right of first refusal to acquire franchisees business	Section 16 in Area Development Agreement. Section 17 in Franchise Agreement.	CRF can match any offer for your business, within 30 days after notice. CRF can match any offer for your business, within 30 days after notice.
o. Franchisor's option to purchase your business	N/A in Area Development Agreement. Section 20 in Franchise Agreement.	N/A In case of termination or nonrenewal, CRF may purchase assets at market value.
p. Death or disability of franchisee	Section 16 in Area Development Agreement. Section 17 in Franchise Agreement.	Competent manager must be appointed within 30 days then manager must attend and successfully complete training within 120 days of being appointed. Interest must be transferred to a third party within 12 months after death or after permanent disability. Upon death or permanent disability of franchisee, a competent manager must be appointed within 30 days and interest must be transferred within 12 months.
q. Non-competition covenants during the term of the franchise	Section 11 in Area Development Agreement. Section 21 Franchise Agreement.	No involvement in competing business anywhere in U.S. No involvement in competing business anywhere in U.S.
r. Non-competition in covenants after the franchise is terminated or expires	Section 11 in Area Development Agreement. Section 21 in Franchise Agreement.	No competing business for 2 years in Developer's Site Selection Area, or the Site Selection Area of any other CRF developer or within a 5 mile radius of any Fitness Facility in existence or under construction or where land has been purchased or leased by any CRF franchisee or by CRF. No competing business for 2 years in Protected Area granted franchisee by the Franchise Agreement or within Protected Area of any other CRF franchisee or within a 5 mile radius of any Fitness Facility in existence or under construction or where land has been purchased or leased by any CRF franchisee or by CRF.
s. Modification of the agreement	Section 23 in Area Development Agreement. Sections 6 and 23 in	No modifications except in writing and signed by both Developer and CRF.

PROVISION	SECTION IN AGREEMENT	SUMMARY
	Franchise Agreement.	No modification to Franchise Agreement except in writing and signed by both franchisee and CRF. Operations Manual can be modified as long as the modification does not alter your fundamental status and rights.
t. Integration/merger clause	Section 23 in Area Development Agreement.	Only the written terms of the Area Development Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
	Section 23 in Franchise Agreement.	Only the written terms of the Franchise Agreement are binding (subject to state law). We may not disclaim representations made in the disclosure document. Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document
u. Dispute resolution by arbitration or mediation	Sections 21 & 22, in Area Development Agreement.	Except for actions brought by us for money owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters in Ann Arbor, Michigan. All disputes not resolved by mediation must be arbitrated in compliance with the rules of the American Arbitration Association in Ann Arbor, Michigan. Subject to state law.
	Section 22 & 23 in Franchise Agreement.	Except for actions brought by us for money owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters in Ann Arbor, Michigan. All disputes not resolved by mediation must be arbitrated in compliance with the rules of the American Arbitration Association in Ann Arbor, Michigan. Subject to state law.
v. Choice of forum	Section 23 in Area Development Agreement.	Subject to state law (See State Specific Addenda at Exhibit K of this disclosure document), the venue for all proceedings relating to or arising out of the Area Development Agreement is the Washtenaw County District Court in

PROVISION	SECTION IN AGREEMENT	SUMMARY
	Section 23 in Franchise Agreement.	Washtenaw County, Michigan or the Federal District Court in Washtenaw County, Michigan, unless otherwise brought by us. Subject to state law, the venue for all proceedings relating to or arising out of the Franchise Agreement is the Washtenaw County District Court in Washtenaw County, Michigan or the Federal District Court in Washtenaw County, Michigan, unless otherwise brought by us.
w. Choice of law	Section 23 in Area Development Agreement. Section 23 in Franchise Agreement.	Subject to state law, Michigan law applies. Subject to state law, Michigan law applies.

ITEM 18

PUBLIC FIGURES

CRF does not use any public figure to promote its franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Other than the information provided in the tables below, we do not furnish or provide prospective franchisees any oral or written information concerning the actual or potential Gross Revenue, costs, income or profits of any Fitness Facility.

This Item 19 provides historical revenue, cost of sales and expense information, for the Fitness Facility located at 80 5th Avenue, Ste 1501, New York, New York 10011 for the year ending December 31, 2019~~2018~~ (the "Measurement Period"). This Fitness Facility opened on January 3, 2014 and has been in continuous operation since it opened. This Fitness Facility operates under the same business model as the franchises that we offer in this disclosure document. We also opened a separate location on January 6, 2016 to serve as a regional corporate office and training center, but this location does not operate under the same business model as the franchises that we offer in this

disclosure document due to its design and intended use as a training facility and regional corporate office.

In addition to the historical revenue, cost of sales and expense information in the chart below for our existing Fitness Facility, we have included an estimated royalty payment that our existing Fitness Facility would have been required to pay during the Measurement Period if that Fitness Facility had been operated as a franchised location.

One affiliate-owned Fitness Facility earned these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Gross Revenue	~~$ 700,608~~ $ 518,883
	-
	-
Cost of Goods Sold	~~$ 10,339~~9,234
Credit Card Processing Fees	~~$ 13,636~~11,207
Total Cost of Sales	~~$ 23,636~~20,441
Gross Profit	~~$ 676,972~~498,443
Gross Margin	~~97~~96.1%
	-
Certain Operating Expenses	-
Wage Expenses	~~$ 197,855~~ 203,236
Estimated Royalty	~~$ 49,043~~ 36,322
Estimated Marketing Fud	~~$ 14,012~~ 10,378
Technology Fee	~~$ 1,188~~ 7,444
Marketing & Advertising	~~$ 15,926~~ 12,518
Professional Fees	~~$ 3,258~~
Insurance	~~$ 5,279~~ 1,734
General Operating Expense	~~$ 30,058~~ 12,009
Rent	~~$ 167,832~~ 95,000
Repair & Maintenance	~~$ 2,074~~ 993
Utilities	~~$ 10,413~~ 5,765
Total Certain Operating Expenses	~~$ 496,938~~385,398
	-
Operating Margin	~~$ 180,034~~ 113,045
Operating Margin Percentage	~~25.7~~21.8%

1. *Gross Revenue.* "Gross Revenue" means all revenue derived from or through the business over the Measurement Period, including all revenue generated from the sale of products and services but does not include any sales tax or other amounts that were collected and remitted to a taxing authority.

2. *Cost of Goods Sold.* "Cost of Goods Sold" means the total amount incurred over the Measurement Period related to the sale of approved products and services, including the cost of products and inventory, but excluding wage expense and credit card processing fees.

3. *Total Cost of Sales.* "Total Cost of Sales" means Cost of Goods Sold plus credit card processing fees.

4. *Gross Margin.* "Gross Margin" means the Total Revenue minus Total Cost of Sales.

5. *Gross Margin Percentage.* "Gross Margin Percentage" means Gross Margin divided by Total Revenue.

6. *Wage Expense.* "Wage Expense" includes all of the wages and labor expense associated with operation and management of the Fitness Facility including payroll services and payroll taxes, but excluding salary or other compensation paid to any affiliated person or entity. In addition, "Wage Expense" includes an allocation of a portion of the salary earned by a general manager who manages both the Fitness Facility and our training location inside our regional corporate office.

7. *Estimated Royalty.* "Estimated Royalty" has been calculated by us based on the amount of the royalty fees the Fitness Facility would have paid to us over the Measurement Period if the Fitness Facility was operated as a franchised location subject to our current form of Franchise Agreement requiring a royalty fee equal to seven percent (7%) of the Total Revenue generated by that Fitness Facility. This Fitness Facility did not actually pay any royalty fee to us over the Measurement Period. The Estimated Royalty calculation is included in this chart so that you are able to take this fee into account when you evaluate your franchise location.

8. *Total Certain Operating Expenses.* "Total Certain Operating Expenses" is the sum of all of the operating expenses listed in the chart, but the chart is not intended to include all of the expenses you will incur in the establishment and operation of a Fitness Facility such as taxes, other professional fees and other administrative expenses. In addition, expense items such as interest, depreciation, and amortization have not been included in this chart. We recommend that you consult with your business and tax advisors to determine the taxes and other expenses that you will incur in connection with your Fitness Facility.

9. *Operating Margin.* "Operating Margin" equals Total Revenue minus Total Cost of Sales and Total Certain Operating Expenses.

10. *Operating Margin Percentage.* "Operating Margin Percentage" equals Operating Margin divided by Total Revenue.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, CityRow Franchising LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jonathan Koudelka, 106 E. Liberty, Suite #310, Ann Arbor, MI 48104 (734) 619-0919, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years ~~2016 –~~2017 - 2019~~2018~~

~~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	2017~~2016~~	0	0	0
	2018~~2017~~	0	0	0
	~~2018~~2019	0	~~0~~3	~~0~~3
Company-Owned	2017~~2016~~	~~1~~2	2	~~2~~0
	2018~~2017~~	2	~~2~~3	~~0~~1
	~~2018~~2019	~~2~~3	3	~~1~~0
Total Outlets	2017~~2016~~	~~1~~2	2	~~2~~0
	2018~~2017~~	2	~~2~~3	~~0~~1
	~~2018~~2019	~~2~~3	~~3~~6	~~1~~3

Table No. 2

Transfers of Outlets from Franchisees To
New Owners (other than the Franchisor)
For years ~~2016 – 2018~~2017 - 2019

~~Column 1~~ State	~~Column 2~~ Year	~~Column 3~~ Number of Transfers
0	0	0

Table No. 3

Status of Franchised Outlets
For Years ~~2016 – 2018~~2017 - 2019

~~Col. 1~~ State	~~Col. 2~~ Year	~~Col 3.~~ Outlets at Start of Year	~~Col. 4~~ Outlets Opened	~~Col. 5~~ Termina-tions	~~Col. 6~~ Non-Renewals	~~Col. 7~~ Reacquired by Franchisor	~~Col. 8~~ Ceased Operations -Other Reasons	~~Col. 9~~ Outlets at End of Year
~~Total~~Georgia	2017~~2016~~	0	0	0	0	0	0	0
	~~2017~~2018	0	0	0	0	0	0	0

~~Col. 1~~ State	~~Col. 2~~ Year	~~Col 3.~~ Outlets at Start of Year	~~Col. 4~~ Outlets Opened	~~Col. 5~~ Termina-tions	~~Col. 6~~ Non-Renewals	~~Col. 7~~ Reacquired by Franchisor	~~Col. 8~~ Ceased Operations -Other Reasons	~~Col. 9~~ Outlets at End of Year
	~~2018~~2019	0	~~0~~1	0	0	0	0	~~0~~1
Michigan	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Oregon	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Total	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	3	0	0	0	0	3

Table No. 4

Status of Company-Owned Outlets
For years ~~2016 - 2018~~2017 - 2019

~~Col. 1~~ State	~~Col. 2~~ Year	~~Col 3.~~ Outlets at Start of Year	~~Col. 4~~ Outlets Opened	~~Col. 5~~ Reacquired from Franchisee	~~Col. 6~~ Outlets Closed	~~Col. 7~~ Outlets Sold to Franchisee	~~Col. 8~~ Outlets at End of Year
Michigan	~~2016~~2017	0	0	0	0	0	0
	~~2018~~2017	0	~~0~~1	0	0	0	~~0~~1
	~~2019~~2018	~~0~~1	~~1~~0	0	0	0	1
New York	~~2016~~2017	~~1~~2	~~1~~0	0	0	0	2
	2018~~20~~17	2	0	0	0	0	2
	~~2019~~2018	2	0	0	0	0	2
Total	~~2016~~2017	~~1~~2	~~1~~0	0	0	0	2
	2018~~20~~17	2	~~0~~1	0	0	0	~~2~~3
	~~2019~~2018	~~2~~3	~~1~~0	0	0	0	3

Table No. 5

Projected Openings as of December 31, ~~2018~~2019

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in The Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
California	~~3~~7	~~2~~11	0
Colorado	1	1	0
Florida	~~1~~2	~~1~~2	0
Iowa	1	1	0
Michigan	~~1~~0	1	0
New Jersey	~~1~~2	~~1~~3	0
New York	~~1~~2	~~1~~2	0
North Carolina	1	1	0
Oregon	~~1~~0	1	0
Texas	~~1~~2	1	0
Virginia	1	1	0
TOTAL	~~1~~019	~~9~~25	0

Franchisees in CA, CO, FL, GA, IA, MI, NC, NJ, OR and ~~Oregon~~Virginia have signed Development Agreements for the right to develop multiple units, of which units are reflected in the audited financials at Exhibit A of this disclosure document.

Listed below are the franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date.

None

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark specific franchisee organizations associated with the franchise system being offering in this Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit A is our audited financial statement for the fiscal year ending December 31, ~~2018~~2019 and our unaudited financials dated as of June 30, 2019.

ITEM 22

CONTRACTS

The following agreements are attached to this Franchise Disclosure Document:

Area Development Agreement	Exhibit B
Franchise Agreement	Exhibit C
Electronic Funds Transfer Authorization	Exhibit H
General Release	Exhibit J

ITEM 23

RECEIPTS

Exhibit M contains detachable documents acknowledging your receipt of this Franchise Disclosure Document with all exhibits attached.

EXHIBIT A
FINANCIAL STATEMENTS

CITYROW FRANCHISE, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Independent Auditor's Report Thereon)

CITYROW FRANCHISE, LLC

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DoerenMayhew
CPAs AND ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
of **CityRow Franchise, LLC**

Report on the Financial Statements

We have audited the accompanying financial statements of CityRow Franchise, LLC, which comprise the balance sheet as of December 31, 2019 and the related statements of operations, members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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DoerenMayhew

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CityRow Franchise, LLC as of December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Adjustment to Prior Period Financial Statements

The financial statements of CityRow Franchise, LLC as of December 31, 2018, were audited by other auditors whose report dated March 11, 2019, expressed an unmodified opinion on those statements. As discussed in Note 1 to the financial statements, the Company has adjusted its 2018 financial statements to retrospectively apply Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to retrospectively apply FASB ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to CityRow Franchise, LLC's 2018 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Troy, Michigan
May 26, 2020

CITYROW FRANCHISE, LLC

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

Assets	2019	Restated 2018
Current assets:		
Cash	$ 171,228	$ 78,817
Accounts receivable	6,119	-
Deferred commissions - current (notes 1 and 2)	394,305	213,883
Deferred initial package costs (note 1)	149,591	-
Merchandise and apparel inventory	19,882	-
Prepaid expenses and other current assets	6,940	-
Total current assets	748,065	292,700
Deferred commissions (note 2)	735,606	485,550
Loan receivable - related party (note 3)	64,723	-
Total assets	$ 1,548,394	$ 778,250
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	$ 166,151	$ 7,189
Accounts payable - related parties (note 3)	655,963	92,085
Deferred revenue - franchise fees - current (notes 1 and 2)	495,946	278,357
Deferred revenue - initial package (note 1)	264,574	-
Total current liabilities	1,582,634	377,631
Deferred revenue - franchise fees (notes 1 and 2)	920,927	621,670
Members' deficit	(955,167)	(221,051)
Total liabilities and members' equity	$ 1,548,394	$ 778,250

See accompanying notes to financial statements

CITYROW FRANCHISE, LLC

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	Restated 2018
Revenues	$ 583,157	$ 94,973
Operating expenses	1,317,273	416,024
Net loss	$ (734,116)	$ (321,051)

See accompanying notes to financial statements

CITYROW FRANCHISE, LLC

STATEMENTS OF MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2019 AND 2018

Members' equity - January 1, 2018	$ -
Member contributions	100,000
Net loss	(321,051)
Members' deficit - December 31, 2018	(221,051)
Net loss	(734,116)
Members' deficit - December 31, 2019	$ (955,167)

See accompanying notes to financial statements

CITYROW FRANCHISE, LLC

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	Restated 2018
Cash flows from operating activities:		
Net loss	$ (734,116)	$ (321,051)
Adjustments:		
Changes in assets and liabilities:		
Increase in accounts receivable	(6,119)	-
Increase in deferred commissions	(430,478)	(699,433)
Increase in deferred initial package costs	(149,591)	-
Increase in merchandise and apparel inventory	(19,882)	-
Increase in prepaid expenses and other current assets	(6,940)	-
Increase in accounts payable	158,962	27,201
Increase in accounts payable - related parties	563,878	72,073
Increase in deferred revenue - franchise fees	516,846	900,027
Increase in deferred revenue - initial package	264,574	-
Total adjustments	891,250	299,868
Net cash provided from (used in) operating activities	157,134	(21,183)
Cash flows from investing activities:		
Related party loan advances	(64,723)	-
Cash flows from financing activities:		
Contributions	-	100,000
Net increase in cash	92,411	78,817
Cash - beginning	78,817	-
Cash - ending	$ 171,228	$ 78,817

See accompanying notes to financial statements

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

CityRow Franchise, LLC (the "Company") was formed as a Delaware Limited Liability Company in 2018. The Company's operations are principally related to the sale, support, and marketing of the rights to operate CityRow franchises. CityRow franchises are fitness facilities offering rowing classes.

The Company entered into various Area Development Agreements ("ADA") to develop multiple franchise units during the years ended December 31, 2019 and 2018. Franchise units available for development under the ADA's totaled 52 units and 28 units as of December 31, 2019 and 2018, respectively. The Company also entered into franchise agreements for single franchise units that totaled 9 units and 5 units as of December 31, 2019 and 2018, respectively. Franchise units in operation amounted to 3 and 1 as of December 31, 2019 and 2018, respectively.

Revenue Recognition

The Company earns revenue through area development and franchise fees, standard initial package fees, and ongoing royalty and advertisement fees under the Company's ADA and franchise agreements.

Area development and initial franchise fee revenue is recognized over the life of the ADA and franchise agreements, as the fee is for the right to use the Company's intellectual property over the term of the agreement. Area development and initial franchise fee payments received by the Company that have not yet been recognized are recorded as deferred revenue - franchise fees. Expenses incurred related to the ADA and franchise agreements, consisting mainly of broker commissions and fees, are deferred and recognized along with life of the associated ADA or franchise agreement. See Note 2 for further disclosures related to deferred revenue - franchise fees.

The Company also has standard initial package fees with its franchise agreements that represent the amounts charged to franchisees for equipment and other items required to open a franchise location. The Company purchases the equipment from vendors and sells it to franchisees. The revenue and cost associated with the initial package are recognized when the equipment and other items are delivered to the franchisee location. All revenue related to in-process initial packages are deferred and included as deferred revenue - initial package and all costs are deferred and included in deferred initial package costs on the balance sheets. The Company recognized revenue and expense related to initial packages of $89,550 and $74,148, respectively, for the year ended December 31, 2019. The Company recognized no revenue or expense related to initial packages during the year ended December 31, 2018.

Continued

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Royalty and advertisement fees are based on a percentage of franchisee sales and are recorded as revenue as the fees are earned and become receivable from the franchisees. The Company recognized royalty and advertisement fees of $3,182 and $-0- for the years ended December 31, 2019 and 2018, respectively.

The Company has other revenues from franchisees mainly related to the sale of merchandise and apparel as well as other services provided by the Company to franchisees. These revenues are recorded as earned and totaled $13,271 and $-0- for the years ended December 31, 2019 and 2018.

Costs relating to selling, general, and administrative functions and those incidental to the provision of services are charged to expense as incurred. These costs primarily consist of payroll, marketing, and IT related expenses.

Revenue recognized at a point in time and over time are as follows - note 2018 revenues are presented net of the effects of ASC 606 adoption:

	2019	2018
Products and services transferred at a point in time	$ 106,003	$ -
Services transferred over time	477,154	94,973
Total revenues earned	$ 583,157	$ 94,973

Cash

The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Accounts Receivable

Accounts receivable consists of billings due from franchisees that have not yet been received. Management deems these fully collectible and has determined no allowance to be necessary at December 31, 2019 and 2018.

Continued

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Merchandise and Apparel Inventory

Merchandise and apparel inventory are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Income Taxes

The Company is organized as a limited liability company in accordance with Delaware law. In accordance with the provisions of the Internal Revenue Code, a limited liability company is not subject to Federal income taxes and its income is included in its member's income tax returns. Therefore, no provision has been made in the accompanying financial statement for Federal income taxes or deferred income taxes.

The Company's income tax filings are subject to audit by various taxing authorities. The open audit period will be 2018 - 2019.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards Adopted in 2019

In 2019, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU No. 2014-09 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the ASU using a full retrospective approach. This adoption resulted in the following significant impacts on the financial statements:

- Initial Franchise Fees and Related Commissions. The Company no longer recognizes revenues from initial franchise fees and the related commissions expense when franchise agreements are entered into. These are now recognized over the length of the agreements.

Continued

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accounting Standards Adopted in 2019 (Continued)

Certain prior period amounts have been adjusted to reflect the full retrospective adoption of the guidance. The impact to net loss and cash flows have been reflected in the financial statements. The following table provides a reconciliation of amounts previously reported and the resulting impacts from the adoption of the new revenue recognition guidance:

	As Previously Reported	Adoption of ASC 606	As Adjusted
December 31, 2018			
Revenues	$ 770,000	$ (675,027)	$ 94,973
Operating expenses	1,115,457	(699,433)	416,024
Net loss	$ (345,457)	$ 24,406	$ (321,051)
Members' deficit	$ (245,457)	$ 24,406	$ (221,051)
Deferred commissions	$ -	$ 699,433	$ 699,433
Deferred revenues	$ 225,000	$ 675,027	$ 900,027

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 26, 2020, which is the date the financial statements were available to be issued.

Global efforts to contain the spread of COVID-19, often referred to as the Coronavirus, have significantly impacted many businesses and the economy. While the situation is evolving rapidly, and the full impact is not yet known, the disruption caused by the Coronavirus is affecting business and consumer activities worldwide - including disruption to major financial markets, supply chains, interruption of production, limited personnel, facility and store closures, and decreased demand from both business customers and consumers. As of May 26, 2020, the Company is assessing the impact on its operations and cash flows, but currently the disruption and uncertainty caused by the Coronavirus is far-reaching and the ultimate effects of this event is unknown.

Continued

Note 2 - Deferred Commissions and Revenue - Franchise Fees

Deferred commissions related to franchise fees as of December 31, 2019 and 2018 and activity for the years then ended can be summarized as follows:

	2019	2018
Beginning - Deferred Commissions	$ 699,433	$ -
Commissions:		
ADA	655,000	690,000
Individual franchise agreements	150,000	80,000
Total commissions	805,000	770,000
Less: commission expense recognized	374,522	70,567
Ending - Deferred Commissions	$ 1,129,911	$ 699,433

Deferred revenue related to franchise fees as of December 31, 2019 and 2018 and activity for the years then ended can be summarized as follows:

	2019	2018
Beginning - Deferred Revenue	$ 900,027	$ -
Franchise fees:		
ADA	796,000	896,000
Individual franchise agreements	198,000	99,000
Total franchise fees	994,000	995,000
Less: franchise revenue recognized	477,154	94,973
Ending - Deferred Revenue	$ 1,416,873	$ 900,027

Continued

Note 3 - Related Party Transactions

The Company had a loan receivable due from a franchisee and related party through common ownership, CityRow Ann Arbor, LLC, totaling $64,723 at December 31, 2019. The loan is non-interest bearing, unsecured and due on demand. Management does not expect repayment on the loan during the year ended December 31, 2020, therefore it is reflected as long-term as of December 31, 2019. The Company had accounts payable due to CityRow Ann Arbor, LLC of $20,012 at December 31, 2018.

The Company had accounts payable due to Franworth, LLC, a related party through common ownership, totaling $287,655 and $72,073 at December 31, 2019 and 2018, respectively. The Company and Franworth, LLC entered into a service agreement during the year ended December 31, 2019 related to certain shared and allocated costs to the Company. The service agreement includes a consulting fee of $25,000 per month beginning in May 2019. Expenses included in operating costs on the statement of operations for the year ended December 31, 2019 related to expenses with Franworth, LLC totaled approximately $229,000 and $147,100, respectively.

The Company had accounts payable due to a member, CityRow Holdings, LLC, totaling $368,308 and $-0- at December 31, 2019 and 2018, respectively. The Company and CityRow Holdings, LLC entered into a service agreement during the year ended December 31, 2019 related to certain shared and allocated costs to the Company, primarily related to the leasing of employees. Expenses included in operating costs on the statements of operations for the years ended December 31, 2019 and 2018 related to expenses with CityRow Holdings, LLC totaled approximately $368,300 and $65,700, respectively.

Note 4 - Operating Agreement

The Company's operating agreement includes two types of membership units, Class A and Class B Units. Class A units have full voting rights and Class B units are nonvoting.

As of December 31, 2019, the Company had issued 10,000 of Class A units and no Class B units.

Continued

Note 5 - Uncertainty

The accompanying financial statements have been prepared assuming that the Company will continue operations, which contemplates the realization of assets and liabilities in the normal course of business. The Company incurred a net loss of $734,116 for the year ended December 31, 2019 and had a working capital deficit and equity deficit of $834,569 and $955,167 at December 31, 2019, respectively.

The Company's members and their affiliates have historically provided the necessary working capital to meet the Company's short-term obligations and the necessary capital to offset the net operating losses incurred by the Company. The members of the Company have pledged to continue its financial support and alleviates doubt about the entity's ability to continue as a going concern through May 31, 2021.

*** * * End of Notes * * ***

CityRow Franchise, LLC

Independent Auditor's Report and Financial Statements

December 31, 2018

GREGG A NEIS, CPA

CERTIFIED PUBLIC ACCOUNTANT

DocID: 4819-8113-0645.3

CityRow Franchise, LLC

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GREGG A. NEIS CPA *Certified Public Accountant*

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Independent Auditor's Report

March 11, 2019

To the Members
CityRow Franchise, LLC

Report on the Financial Statements

I have audited the accompanying financial statements of CityRow Franchise, LLC, which comprise the balance sheet as of December 31, 2018 and the related statements of income and members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

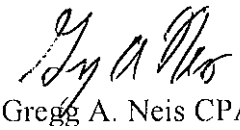
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether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

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

~~I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.~~

~~Opinion~~

~~In my opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of CityRow Franchise, LLC. as of December 31, 2018, and the results of its operations and its cash flows as of that date in accordance with accounting principles generally accepted in the United States of America.~~



Gregg A. Neis CPA

DocID: 4819-8113-0645.3

CityRow Franchise,LLC
Balance Sheet
As of December 31, 2018

ASSETS	
Current Assets	
Cash in Bank	$ 78,817
Total Current Assets	78,817
TOTAL ASSETS	$ 78,817
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	$ 27,201
Deferred franchise revenue	225,000
Accounts Payable to Related Party	72,073
Total Liabilities	324,274
Equity	
Members Equity	(245,457)
Total Equity	(245,457)
TOTAL LIABILITIES & EQUITY	$ 78,817

The accompanying notes to financial statements are an intregral part of this statement.

CityRow Franchise, LLC\

Statement of Income and Members' Equity
As of December 31, 2018

INCOME FROM OPERATIONS	
Franchise Revenue	$ 770,000
Total Operating Income	770,000
OPERA ING EXPENSES	
Commission expense	770,000
Sales Expense	83,517
Franchise Development Expense	145,536
Franchise Development Travel and Entertainment	13,579
Franchise Training Expense	2,775
Professional Services	80,065
Business Licenses & Taxes	4,976
Rent, Utilities, and Equipment	14,831
Office Expense	178
Total Operating Expenses	1,115,457
Net Income (Loss)	(345,457)
MEMBER EQUITY	
Member Equity January 8, 2018	$ 100,000
Member Capital Distributions	
Member Capital Contributions	
Members Equity (Deficit) December 31, 2018	$ (245,457)

The accompanying notes to financial statements are an integral part of this statement

CityRow Franchise, LLC.
Statement of Cash Flow
As of December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income(loss)	$ (345,457)
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
(Increase) Decrease in:	
Accounts receivable	
Increase (Decrease) in:	
Accounts Payable	27,201
Deferred franchise revenue	225,000
Accounts Payable to Related Party	72,073
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(21,183)
CASH FLOWS FROM FINANCING ACTIVITIES	
Member capital contributions	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
NET INCREASE (DECREASE) **IN** CASH	(21,183)
CASH AT BEGINNING OF YEAR	100,000
CASH AT END OF YEAR UNRESTRICTED	$ 78,817

CITYROW FRANCHISE,LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - Summary of Significant Accounting Policies

Nature of Operations

CityRow Franchise, LLC. (The Company) was formed , as a Delaware Limited Liability Corporation (LLC) for the purpose of franchising fitness facilities, selling franchise development rights and supporting the operations of franchised fitness facilities throughout the United States of America and Internationally. The Company's financial statements are presented in accordance with generally accepted accounting principles.

Company's Operations

The Company was formed on January 8, 2018 and there were no operations of the Company prior to such date. The Company offers and sells franchises under the brand name of "CityRow". CityRow Franchise LLC holds the license agreement for the brand sold under the franchise agreements.

Income recognition

CityRow Franchise LLC policy for recognizing franchise fee revenue and commission expense related to the sales of franchise agreements is as follows. The Company's commission expense and franchise fee revenue equal to commission expense are recognized when the franchise agreement is executed. The difference between the initial gross franchise fee and the commission paid is deferred until all material services and conditions required to be performed under the terms of the franchising agreement by the Company have been substantially performed or offered to be performed. Which is generally when the franchise opens or during the next calendar year after the franchise agreement is signed, and or whichever occurs first. The Company's policy for recording commission expense and franchise fee revenue was adopted because the Company wants to accurately recognize commission expense in the period the costs required to market and obtain the franchise agreement were incurred, while properly matching franchise fee revenues with these related costs. The amount of revenue is deferred is reflected as a separate line in the accompanying balance sheet.

	2018
Deferred Franchise Revenue	$ 225.000

Income Taxes

The Company will be treated as a partnership for income tax filing purposes and thus all income or losses will flow through to the partners. Accordingly,a provision for income taxes is not reflected in the financial statements.

CITYROW FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – Summary of Significant Accounting Policies (Continued)

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents.

NOTE B Concentration of credit risk

The cash balances of the Company are held primarily in one financial institution. If cash balances exceed the $ 250,000 amounts covered by the Federal Deposit Insurance Corporation, the excess balances could be at risk of loss.

NOTE C Fair Value Measurements

The Company's financial instruments, none of which are held for trading purposes, include only cash. Management estimates the fair value of all financial instruments at December 31, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statement.

NOTE D Related Party Transactions

The Company has a related party note payable to Franworth LLC, which has common ownership with the Company. Franworth LLC has advanced funds to the Company for franchise development expenses, as of December 31, 2018 the balance was $72,072.

NOTE E Franchise Information

As of December 31, 2018 CityRow Franchise LLC had sold 34 franchises. One of the 34 franchises sold was open by December 31, 2018.

CITYROW FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F Date of Management's Review

Subsequent events were evaluated through March 11, 2019 which is the date financial statements were available to be issued.

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

8:15 AM
07/26/19
Accrual Basis

CITYROW FRANCHISE LLC
Balance Sheet
As of June 30, 2019

	Jun 30, 19
ASSETS	
Current Assets	
Checking/Savings	
Central Bank - Operating	
Central Bank - IP Escrow Accnt	99,000.00
Central Bank - Operating - Other	336.74
Total Central Bank - Operating	99,336.74
Total Checking/Savings	99,336.74
Total Current Assets	99,336.74
TOTAL ASSETS	**99,336.74**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	10,906.05
Total Accounts Payable	10,906.05
Other Current Liabilities	
Deferred Franchise Revenue	282,500.00
Due to Franworth	35,597.64
IP-Billings in Excess of Costs	99,000.00
Total Other Current Liabilities	417,097.64
Total Current Liabilities	428,003.69
Total Liabilities	428,003.69
Equity	
Capital - Cityrow Franchise Hld	50,000.00
Capital - Franworth CR Holdings	50,000.00
Retained Earnings	-345,456.84
Net Income	-83,210.11
Total Equity	-328,666.95
TOTAL LIABILITIES & EQUITY	**99,336.74**

8:14 AM
07/26/19
Accrual Basis

CITYROW FRANCHISE LLC
Profit & Loss
January through June 2019

	Jan - Jun 19
Ordinary Income/Expense	
Income	
Revenue	
Franchise Fee Income	787,500.00
Total Revenue	787,500.00
Total Income	787,500.00
Cost of Goods Sold	
Cost of Goods Sold	
Commissions	675,000.00
Discovery Day Expense	7,640.62
Franchise Development	55,347.75
Total Cost of Goods Sold	737,988.37
Total COGS	737,988.37
Gross Profit	49,511.63
Expense	
Engineering & Design Expense	1,773.20
General & Admin Department	
AA Corporate Costs	1,500.00
Bank Service Fees	154.00
Legal Expense	10,742.86
Professional Fees	20,722.36
Total General & Admin Department	33,119.22
Information Technology	
Technology Costs (mth/zee)	4,008.00
Total Information Technology	4,008.00
Marketing Department	
Marketing Costs	87,271.32
Total Marketing Department	87,271.32
Training Department	
Education/Training	6,550.00
Total Training Department	6,550.00
Total Expense	132,721.74
Net Ordinary Income	-83,210.11
Net Income	**-83,210.11**

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

_____

DEVELOPER

_____

DATE OF AGREEMENT

STD ~~2019~~2020 ADA

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CITYROW®
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement"), is made and entered into this _____day of _____, 20___, by and between CITYROW FRANCHISE, LLC, a limited liability company formed and operating under the laws of the State of Delaware whose principal business address is 106 E. Liberty, Ann Arbor, Michigan 48104 ("Franchisor") and ____ _____, a _____formed and operating under the laws of the State of _____, or _____, an individual, whose principal business address is _ _____, ("Developer").

WITNESSETH:

WHEREAS, as the result of the expenditure of time, effort and expense, Franchisor has created a unique and distinctive proprietary system (hereinafter the "System") for the establishment, development and operation of CITYROW® Fitness Facilities (the "Fitness Facility" or "Fitness Facilities") that offer total body workouts that are effective and fun, taught by CITYROW Certified Trainers.

WHEREAS, Franchisor owns the System and the right to use the Licensed Marks (as defined below) and grants the right and license to others to use the System and the Licensed Marks;

WHEREAS, the distinguishing characteristics of the System include, without limitation, interior design, color scheme and equipment; uniform standards, specifications and procedures for the unique classes; specifications and procedures for operations; uniformity of services and products offered; procedures for inventory management and financial control; training assistance; and advertising and marketing programs, all of which may be changed, improved and further developed by Franchisor;

WHEREAS, Franchisor identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark CITYROW® and other trade names, service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use with the System (the "Licensed Marks");

WHEREAS, Developer desires the right to develop, own and operate CITYROW FITNESS FACILITIES under the System in a defined geographic area under a Development Schedule attached to this Agreement; and

WHEREAS, Developer acknowledges that he has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted as a CITYROW Fitness Facility may evolve and change over time, that an investment in a CITYROW Fitness Facility involves a business risk and the success of the venture is largely dependent upon Developer's business abilities and efforts.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. REFERENCES AND DEFINITIONS

A. SITE SELECTION AREA

"Site Selection Area" means the geographic area described in Exhibit A.

B. DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD

"Development Schedule" means the schedule for Developer to open and operate a specific cumulative number of CITYROW FITNESS FACILITIES as set forth in Exhibit B to this Agreement. Each "Development Period" is the period of time for Developer to meet each specific development obligation on the Development Schedule.

C. FRANCHISE AGREEMENT

Except for the initial franchise fee, royalty fee and the advertising contributions, which shall remain the same in each franchise agreement executed pursuant to this Agreement and any extensions of this Agreement, the "Franchise Agreement" means the current form of agreements (including franchise agreement and any exhibits, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) Franchisor customarily uses in the granting of a franchise for the ownership and operation of a CITYROW Fitness Facility. Developer acknowledges that the Franchise Agreement (Exhibit C) is the current form of Franchise Agreement and shall be executed and delivered to Franchisor and shall be the form of Franchise Agreement to be executed for the first CITYROW Fitness Facility to be developed under this Agreement. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a franchise for a CITYROW Fitness Facility. All subsequent CITYROW Fitness Facilities developed under this Agreement shall be established and operated under the form of Franchise Agreement then being used by Franchisor for CITYROW Fitness Facilities.

D. PRINCIPALS

The term "Principals" includes, collectively and individually, Developer's spouse; if Developer is an individual, any officers and directors of Developer (including the officers and directors of any general partner of Developer) and any person and of any entity directly owning and/or controlling ten percent (10%) or more of Developer, or a managing member or manager of a limited liability company. The initial Principals shall be listed in Exhibit D. The Principals must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement.

2. USE OF SYSTEM

Developer acknowledges, and does not contest, Franchisor's exclusive ownership and rights to each and every aspect of the System. Developer's right to use the System is specifically limited to the Site Selection Area and the terms and conditions of this Agreement and Franchise Agreements executed pursuant thereto.

3. GRANT OF DEVELOPMENT RIGHTS

A. TERM

In reliance on the representations and warranties of Developer and its Principals, Franchisor grants to Developer, and Developer hereby accepts the right and obligation to develop CITYROW Fitness Facilities within the Site Selection Area in full compliance with the terms of this Agreement, including the timely development obligations to open a specific cumulative number of CITYROW Fitness Facilities over prescribed periods of time as established in the Development Schedule; and in full compliance with all obligations and provisions under Franchise Agreements entered into for the individual CITYROW Fitness Facilities. Subject to the provisions contained in this Agreement, the rights granted are for a term commencing on the date of execution of this Agreement and expiring on the last day of the last Development Period on the Development Schedule. Developer acquires no rights under this Agreement to develop CITYROW Fitness Facilities outside the Site Selection Area.

B. COMMITMENT OF DEVELOPER

Franchisor has granted these rights in reliance on the business skill, financial capability, personal character and expectations of performance by the Developer and its Principals. This Agreement is for the purpose of developing and operating the CITYROW Fitness Facilities and is not for the purpose of reselling the rights granted by this Agreement.

C. DEVELOPMENT PLAN

The following conditions and approvals are conditions precedent before the right of Developer to develop each CITYROW Fitness Facility becomes effective. At the time Developer selects a site for each CITYROW Fitness Facility, Developer must satisfy the operational, financial and training requirements, set forth below:

(1) Operational: (a) Developer must be in substantial compliance with the material terms and conditions of this Agreement and all Franchise Agreements granted Developer. For each CITYROW Fitness Facility operated by Developer, Developer must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Operations Manual (defined in the Franchise Agreement).

(2) Financial: Developer and the Principals must satisfy Franchisor's then-current financial criteria for Developers and Principals with respect to Developer's operation of its existing CITYROW Fitness Facilities, if any, and the proposed CITYROW Fitness Facility. Developer must be in compliance and not been in default during the twelve (12) months preceding Developer's request for approval, of any monetary obligations of Developer to Franchisor or its affiliate under any Franchise Agreement granted under this Agreement.

D. EXECUTION OF FRANCHISE AGREEMENT

This Agreement is not a Franchise Agreement and does not grant Developer any right or license to operate a CITYROW Fitness Facility, or to provide services, or to distribute goods, or any right or license in the Licensed Marks. A Franchise Agreement must be signed by Developer

and delivered to Franchisor with the initial franchise fee, within fifteen (15) days of delivery of the Franchise Agreement to Developer by Franchisor, as prescribed in paragraph D, Section 8 of this Agreement.

4. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. RESERVATION OF RIGHTS

Franchisor (on behalf of itself and its affiliate and its subsidiaries) retains the rights, in its sole discretion and without granting any rights to Developer: (1) to itself operate, or to grant other persons the right to operate, CITYROW Fitness Facilities at locations and on terms Franchisor deems appropriate within and outside the Site Selection Area granted Developer, and (2) to sell the products and services authorized for CITYROW Fitness Facilities under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and under terms Franchisor deems appropriate within and outside the Site Selection Area, including, but not limited to, by electronic means, such as the Internet, and by web sites established by Franchisor, as we determine, in our sole discretion.

In addition, Franchisor, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, in the Site Selection Area. Developer acknowledges and agrees that Developer is only granted the right to develop and operate CITYROW Fitness Facilities within the Site Selection Area. Accordingly, within and outside the Site Selection Area, Franchisor and its affiliate and its subsidiaries may also offer and sell, and may authorize others to offer and sell products identified by the Licensed Marks at or from any location.

Franchisor or any other developer or any other authorized person or entity shall have the right, at any time, to establish and operate businesses offering dissimilar products or dissimilar services within and outside the Site Selection Area granted by the Area Development Agreement and within and outside the Protected Area granted by a Franchise Agreement, under the Licensed Marks and on any terms and conditions as determined by Franchisor; to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at a CITYROW® Fitness Facility and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Site Selection Area granted by this Area Development Agreement and within the Protected Area granted by a Franchise Agreement.

Franchisor may be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, by a business providing products and similar services to those provided at a CITYROW® Fitness Facility, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Site Selection Area granted by the Area Development Agreement and within the Protected Area granted by a Franchise Agreement.

Franchisor has the right to own, operate and license others to own and operate other fitness concepts within and outside the Site Selection Area, provided the other fitness concepts are not similar to a CITYROW® Fitness Facility or use the Licensed Marks.

Franchisor has no obligation and will not pay Developer if it exercises any of the rights specified above within the Site Selection Area granted by the Area Development Agreement or within the Protected Area granted by a Franchise Agreement.

B. RIGHTS DURING DEVELOPMENT PERIODS

Except as provided below, if Developer: (1) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of CITYROW Fitness Facilities over prescribed periods of time as established in Exhibit B (the "Development Schedule"); and (2) is in substantial compliance with all material obligations under Franchise Agreements granted Developer for individual CITYROW Fitness Facilities under this Agreement; then during the Development Schedule, Franchisor will grant Developer the right to own and operate CITYROW Fitness Facilities located within the Site Selection Area.

If Developer, for any reason within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 14 of this Agreement. In the event Developer fails to cure the noticed default within the time allowed under Section 14, Franchisor may terminate this Agreement. Franchisor and Developer agree that the timely development of Fitness Facilities by Developer in compliance with the Development Schedule will control the rights granted Developer by this Agreement, regardless of the time period granted Developer to open a Fitness Facility pursuant to a Franchise Agreement for such Fitness Facility.

C. DEVELOPMENT OBLIGATIONS

Developer will at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of CITYROW Fitness Facilities within the Site Selection Area. Developer agrees to open and operate the cumulative number of CITYROW Fitness Facilities on or before the end of each Development Period set forth in the Development Schedule (see Exhibit B). Developer agrees that compliance with the Development Schedule is the essence of this Agreement.

D. RIGHT TO DEVELOP ADDITIONAL FITNESS FACILITIES

Upon the expiration of this Agreement and provided Developer (1) is in compliance with the development obligations established in this Agreement and the Development Schedule, and (2) is in substantial compliance with the material terms of each Franchise Agreement for existing CITYROW Fitness Facilities granted Developer under this Agreement, Franchisor shall offer to Developer the right to develop such additional CITYROW Fitness Facilities as Franchisor may reasonably determine to be developed within the Site Selection Area.

In such case, Franchisor shall provide written notice to Developer of the number of CITYROW Fitness Facilities to be developed and the terms of development, which will be

established in a supplemental area development agreement (the "Supplemental Area Development Agreement"). Developer shall have thirty (30) days after receiving Franchisor's written notice to exercise that right by providing written notice to Franchisor of Developer's intent to exercise the right to develop additional Fitness Facilities. Developer must pay Franchisor the then-current development fee Franchisor charges for similar development rights and execute the Supplemental Area Development Agreement. If Developer executes the Supplemental Area Development Agreement, but fails to timely open CITYROW Fitness Facilities in compliance therewith, the rights granted by the Supplemental Area Development Agreement may be terminated by Franchisor.

5. CITYROW FITNESS FACILITIES CLOSINGS

If during the term of this Agreement, Developer ceases to operate any CITYROW Fitness Facility developed under this Agreement for any reason, Developer must develop a replacement CITYROW Fitness Facility to fulfill Developer's obligation to have open and in operation the required number of CITYROW Fitness Facilities upon the expiration of each Development Period. The replacement CITYROW Fitness Facility must be open and in operation within six (6) months after Developer ceases to operate the CITYROW Fitness Facility to be replaced. If, during the term of this Agreement, Developer, in accordance with the terms of any Franchise Agreement for a CITYROW Fitness Facility developed under this Agreement, transfers its interests in that CITYROW Fitness Facility, a transferred CITYROW Fitness Facility shall continue to be counted in determining whether the Developer has complied with the Development Schedule so long as it continues to be operated as a CITYROW Fitness Facility. If the transferred CITYROW Fitness Facility ceases to be operated as a CITYROW Fitness Facility, it will not count toward Developer's compliance with the Development Schedule.

6. PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS

Developer shall enter into a separate Franchise Agreement with Franchisor for each CITYROW Fitness Facility developed pursuant to this Agreement. The Franchise Agreement to be executed for the first CITYROW Fitness Facility to be developed by Developer under this Agreement must be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement and must be in the form of the Franchise Agreement attached as Exhibit C. All subsequent CITYROW Fitness Facilities developed under this Agreement must be established and operated under the then-current form of Franchise Agreement then being used by Franchisor for CITYROW Fitness Facilities under the System. The then-current form of Franchise Agreement may differ from the form attached as Exhibit C; however, the provisions regarding the initial franchise fee, royalty fees and advertising contributions shall remain as established in Exhibit C. Developer must execute the then-current form of Franchise Agreement and pay Franchisor the initial franchise fee for each CITYROW Fitness Facility to be developed under this Agreement.

Developer acknowledges that the projected opening date for each CITYROW Fitness Facility set forth in the Development Schedule are reasonable requirements. Developer shall execute a Franchise Agreement for each Fitness Facility and pay the initial franchise fee to Franchisor within fifteen (15) days of the earlier of the commencement of construction of the Fitness Facility or the execution of either a lease or purchase contract for the premises.

7. DUTIES OF DEVELOPER

A. ORGANIZATION OF DEVELOPER

Developer makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Developer is a corporation, limited liability company or a partnership, Developer represents, warrants and covenants that: (i) Developer is duly organized and validly existing under the state law of its formation; (ii) Developer is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; (iii) the execution and performance of this Agreement are within Developer's corporate power, if Developer is a corporation or if Developer is a partnership permitted under Developer's written partnership agreement, or if Developer is a limited liability company, permitted under the management agreement;

(2) If Developer is a corporation, copies of its articles of incorporation, bylaws, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor. If Developer is a partnership, copies of Developer's written partnership agreement and other governing documents shall be promptly furnished to Franchisor before the execution of this Agreement. If Developer is a limited liability company, copies of Developer's organizational documents and management agreement shall be promptly furnished to Franchisor;

(3) If Developer is a corporation, partnership, limited liability company, or other form of legal entity other than an individual, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, Developer shall maintain at all times a current list of all owners of an interest in the partnership, or, if Developer is a limited liability company, it shall maintain at all times a current list of managers and members of the limited liability company;

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principal's (as defined in Section 1), or if Developer believes in the event any individual later qualifies as one of Principals, Developer shall promptly notify Franchisor and that person shall execute any documents (including, as applicable, this Agreement) as Franchisor may reasonably require;

(5) If Developer is a corporation, Developer must maintain stop-transfer instructions against the transfer of its records of any equity security and each stock certificate of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 7 shall not apply to a publicly held corporation. If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement. If Developer is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments by this Agreement;

(6) Developer agrees to maintain at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement; and

(7) Each Principal who has right, title, or interest of ten percent (10%) or more in the ownership of Developer, must each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete (Exhibit E). The Principals agree to jointly and severally guarantee the performance of all of Developer's obligations, under the terms of this Agreement, except the obligation to open Fitness Facilities.

B. REQUIREMENTS OF REPRESENTATIVE

Upon the execution of this Agreement, Developer must designate and retain an individual throughout the term of this Agreement to act on behalf of Developer in all transactions with Developer concerning Developer's obligations under this Agreement ("Representative"). If Developer is an individual, Developer must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Developer; (2) devote substantial time and reasonable efforts to the supervision and conduct of the business contemplated by this Agreement and execute this Agreement as one of the Principals; and (3) meet Franchisor's standards and criteria for a Representative as set forth in the Operations Manual or otherwise in writing by Franchisor. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, Developer must promptly notify Franchisor and designate a replacement.

C. DISCRIMINATION PROHIBITED

In seeking any individual to serve in a managerial position or in the employment of any person or in providing service to the customers and patrons of each Fitness Facility, Developer shall not unlawfully discriminate in any manner whatsoever against any individual.

D. BEST EFFORTS

Developer must use his best efforts to substantially comply with all requirements of federal, state and local rules, regulations and orders.

8. SITE SELECTION, LEASES, FRANCHISE AGREEMENT

A. SELECTION OF SITE BY DEVELOPER

Developer assumes all costs, liabilities, expenses and responsibilities for locating, obtaining, financing and developing sites for CITYROW Fitness Facilities, and for constructing and equipping CITYROW Fitness Facilities at those sites. The selection of a site and the development of a Fitness Facility at any site is the responsibility of Developer. The selection of a site by Developer is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Developer.

Developer must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Fitness Facility until Franchisor has approved the proposed site. Developer specifically acknowledges that the selection of a site by Developer in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise or guarantee by Franchisor that the site and the Fitness Facility to be operated at that site will be profitable or successful. Developer acknowledges that factors governing the success of a CITYROW Fitness Facility are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Developer or to any other person or entity if a site approved by Franchisor fails to meet Developer's expectations for revenue or operational criteria.

B. DEMOGRAPHIC INFORMATION

Before acquiring a site for any Fitness Facility by lease or purchase, Developer must locate a site for the Fitness Facility that satisfies the site selection guidelines Franchisor provides to Developer. If requested by Developer, Franchisor will provide site scores for various sites requested, but Franchisor reserves the right to charge Developer a fee between $25 and $100 per site score requested. Once Developer has located a site, Developer must submit to Franchisor, in the form Franchisor specifies, a description of the site, a demographic study and other information and materials Franchisor may reasonably require, and Franchisor shall also represent in writing that Developer has the option or other firm commitment to obtain the site. Franchisor will review information provided by Developer for the site which may include the population of the work force or residents, character of the neighborhood, household income, ingress and egress, and trade area. If on-site evaluations by Franchisor are requested by Developer or determined to be necessary by Franchisor, Developer must reimburse Franchisor for the reasonable expenses Franchisor incurs for the on-site evaluations, including, but not limited to, the cost of travel, lodging, meals and wages of Franchisor's representatives and employees.

C. LEASE OR PURCHASE OF SITE

Developer shall not make any binding commitment to purchase or lease real estate for a proposed site for a CITYROW Fitness Facility until the proposed site has been approved by Franchisor and a Franchise Agreement has been executed by Franchisor and Developer (or its affiliate) for a Fitness Facility at such site. Developer shall provide Franchisor with a copy of either the proposed contract of sale or lease relating to the site before the Franchise Agreement is executed.

D. FRANCHISE AGREEMENT

After a proposed site has been approved by Franchisor, a Franchise Agreement shall be executed for Developer (or its affiliate) to operate a CITYROW Fitness Facility at such site. Franchisor will deliver a Franchise Agreement, in the then-current form, to Developer for execution by Developer (or its affiliate). The Franchise Agreement must be executed and returned to Franchisor within fifteen (15) days after Franchisor's delivery along with the payment of any initial franchise fee, if applicable. If Developer fails to timely execute the Franchise Agreement and tender payment of the initial franchise fee, if applicable, Franchisor may, at its sole discretion, revoke its approval of the site and its offer to grant Developer a franchise to operate a CITYROW Fitness Facility at the site.

9. DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrefundable area development fee equal to either: (1) the product of Forty-Nine thousand Five Hundred Dollars ($49,500) multiplied by the total number of Fitness Facilities to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing two Fitness Facilities; (2) the product of Thirty-Three Thousand One Hundred Sixty-Six Dollars ($33,166) multiplied by the total number of Fitness Facilities to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing three or four Fitness Facilities; or (3) the product of Twenty-Nine Thousand Nine Hundred Dollars ($29,900) multiplied by the total number of Fitness Facilities to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing five or more Fitness Facilities. The area development fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable. The area development fee applicable to each Fitness Facility will be credited toward the initial franchise fee due under the Franchise Agreement for each Fitness Facility.

10. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

Developer understands and agrees that any and all individual Franchise Agreements executed by Developer and Franchisor for CITYROW Fitness Facilities within the Site Selection Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area Development Agreement. If any conflict arises with this Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority.

11. COVENANTS

A. Developer and the Representative covenant that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer and the Representative must devote substantial time, energy and best efforts to the management and operation of the development activities required under this Agreement.

B. Developer and each of the Principals shall not during the term of this Agreement or thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association, limited liability company or corporation and shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of development and operation of a CITYROW Fitness Facility and which are designated by Franchisor in writing to be confidential. Developer shall divulge such confidential information only to such of its employees as may have access to it in connection with their employment in the franchised business. Neither Developer nor the Principals shall at any time, without Franchisor's prior written consent, communicate such confidential information in whole or in part, except as required to operate CITYROW Fitness Facilities or develop Fitness Facilities under this Agreement. Developer shall obtain execution of covenants from all Principals and all personnel of Developer who receive or have access to confidential information in substantially the form contained in Exhibit E to this Agreement.

C. Developer and the Principals specifically acknowledge that they will receive valuable specialized training, trade secrets and confidential information and other methods and techniques of Franchisor, which are beyond the present skills and experience of Developer and the Principals and Developer's managers and employees. Developer and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development of the franchised business, and are, therefore, a primary reason for entering into this Agreement. In consideration thereof, Developer and the Principals covenant that Developer, during the term of this Agreement and the Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Principals", neither Developer nor any of the Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, limited liability company or corporation:

(1) Intentionally divert, or attempt to divert, any business or customer of the business described hereunder to any business that offers the same or similar services or products, or uses a facility of the same or similar design, or is operated pursuant to the same or similar systems (a "Competitive Business" or "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 Licensed Marks and the System; and

(2) Except with respect to Fitness Facilities operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate and its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a CITYROW Fitness Facility. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in a manner similar to a CITYROW Fitness Facility, and which Competitive Business is located in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or has registered the same or similar Licensed Marks or operates or licenses others to operate a business under the same or similar Licensed Marks.

D. Developer agrees for a continuous uninterrupted two (2) year period commencing upon the expiration, termination, or transfer of all of Developers interest in this Agreement and with respect to each of the Principals, commencing upon the earlier of: the expiration, termination, or transfer of all of Principal's interest in this Agreement or at the time the individual or entity ceases to satisfy the definition of "Principal", except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(1) Intentionally divert, or attempt to divert, any business or customer of the business described hereunder to any Competitive Business, 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 Franchisor's Licensed Marks and the System; or

(2) Employ, or seek to employ, any person who is at that time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any of its subsidiaries or by any other developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment; provided, however, that Developer may employ that person in a managerial position with respect to Developer's operation of a CITYROW Fitness Facility under the terms of the Franchise Agreement applicable to that CITYROW Fitness Facility; or

(3) Except with respect to Fitness Facilities operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a CITYROW Fitness Facility. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in a manner similar to a CITYROW Fitness Facility, and which Competitive Business is located in, or is intended to be located within the Site Selection Area of this Area Development Agreement or within the Site Selection Area of any other Area Development Agreement granted a developer within the System, or within a five (5) mile radius of the location of any CITYROW Fitness Facility in existence or under construction or where land has been purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

E. The parties acknowledge and agree that each of the covenants contained herein are independent of any other covenant or provision of this Agreement and are reasonable limitations as to duration, 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. If all or any portion of a covenant in this Section 11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

F. Developer and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11.

G. Developer and the Principals agree that failure to comply with the covenants of this Section 11 shall constitute a material event of default under this Agreement, that a violation of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Therefore, Franchisor shall be entitled, in addition to other remedies it may have, at law, or in equity, to obtain specific performance of, or an injunction against the violation of the terms of this Section 11. Developer and the Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11.

H. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to reduce the period of time or geographic scope of the non-competition covenants set forth in this Section 11 and in Exhibit E, by written notice to Developer.

12. RELATIONSHIP OF THE PARTIES

The parties agree that this Agreement does not create a fiduciary relationship between them, that Developer is an independent contractor and must at all times represent itself as an independent contractor. This Agreement does not create either party as an agent, legal representative, subsidiary, joint venturer, partner, employee or joint employer.

A. Developer shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Developer agrees to take any action necessary to that end, including without limitation, exhibiting a notice on signage and member contracts, as required by Franchisor as to content and manner of disclosure.

B. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of any such action, or for any act or omission of Developer in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.

C. Developer and each of the Principals shall, at all times, indemnify and hold harmless Franchisor and its affiliate, successors and assigns and the officers, directors, shareholders, agents, representatives and employees of each of them ("Indemnitees") from all losses and expenses incurred in connection with any formal or informal action, suit, proceeding, claim, demand, investigation or inquiry or any settlement thereof, which arises out of or is based upon the action or negligence of Developer or any Principal in any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation of any Licensed Mark or other proprietary right owned by Franchisor;

(2) Claims of sexual harassment or discrimination by Developer's employees or by a guest at the Fitness Facility;

(3) The violation of any federal, state or local law, regulation, rule, standard or directive, or any industry standard, including without limitation, health, sanitation and safety laws and regulations;

(4) Libel, slander or any other form of defamation of Franchisor or the System, by Developer or the Principals;

(5) The violation or breach by Developer or any of the Principals of any warranty, representation, agreement or obligation of this Agreement or any Franchise Agreement; and

(6) Acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

D. Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation.

E. Franchisor may, at any time and without notice, as it, in its reasonable discretion, consent, or agree to settlement, or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

F. All losses and expenses incurred under this Section 12 shall be chargeable to and shall be paid by Developer or any of the Principals pursuant to this Section 12, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense. However, Franchisor will indemnify Developer from losses or expenses resulting from the direct result of Franchisor's negligence or intentional acts.

G. The phrase "losses and expenses" shall include, without limitation, all monetary losses, compensatory, exemplary or punitive damages, fines, actual costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, damages to Franchisor's reputation and goodwill, costs of financing or advertising material and media costs and all expenses of recall, refunds, compensation, public notices and such other amounts incurred in connection with the matters described.

H. Developer must give Franchisor notice of any such action immediately upon Developer having received notice of any such action, claim or proceeding.

I. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer. Developer and the Principals agree that the failure of Franchisor to pursue recovery or mitigate loss from third parties will in no way reduce the amounts recoverable from Developer or the Principals.

J. Developer and the Principals expressly agree that the terms of this Section 12 shall continue in full force and effect after the termination, expiration or transfer of this Agreement or any interest herein.

13. LICENSED MARKS

A. Developer acknowledges that Developer has no interest in or to the Licensed Marks and Developer's right to use the Licensed Marks is derived solely from the individual Franchise Agreements entered into between Developer and Franchisor for the purpose of operating CITYROW Fitness Facilities. Developer agrees that all usage of the Licensed Marks by Developer and any goodwill established exclusively benefits Franchisor. Developer agrees that after termination or expiration of this Agreement, Developer will not, except with respect to CITYROW Fitness Facilities operated by Developer under individual Franchise Agreements, directly or indirectly, at any time or in any manner identify itself or any business as a Developer or former Developer of, or otherwise associated with, Franchisor or use in any manner or for any purpose any Licensed Mark or other indicia of a CITYROW Fitness Facility or any colorable imitation.

B. Developer must not use any Licensed Mark as part of any corporate or trade names or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Developer use any Licensed Mark in connection with any business or activity, other than the business conducted by Developer under Franchise Agreements entered into between Developer and Franchisor, or in any other manner not explicitly authorized in writing by Franchisor.

C. Developer must immediately notify Franchisor in writing of any apparent infringement of or challenge to Developer's use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which Developer becomes aware. Developer must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole discretion to take action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

D. Franchisor has registered the domain name "cityrow.com". Franchisee acknowledges that Franchisor is the lawful and sole owner of the domain name "cityrow.com" which domain name incorporates the trademark CITYROW®. Franchisee agrees not to register the trademark CITYROW® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

14. TERMINATION

A. Franchisor may terminate this Agreement for a material default of this Agreement by Developer and all rights granted herein shall automatically terminate upon written notice to Developer, upon the occurrence of any of the following:

(1) If Developer becomes insolvent, makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy, or an involuntary petition is filed against Developer in bankruptcy; or Developer is adjudicated bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by a court of competent jurisdiction; or if a proceeding for a composition of creditors under any state or federal law should be initiated against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer, (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer; or if a suit to foreclose any lien or mortgage against the premises or Fitness Facility is levied; or if the real or personal property of Fitness Facility is sold after levy thereon by any sheriff, marshal or law officer;

(2) If Developer or any of its Principals fail to comply with Section 11 of this Agreement;

(3) If Developer or a Principal discloses the contents of the Operations Manual or other confidential information contrary to this Agreement;

(4) If an immediate threat or danger to public health or safety results from the operation of a Fitness Facility operated by Developer under a Franchise Agreement;

(5) If Developer or a Principal has made material misrepresentations in connection with its application for the franchise;

(6) If Developer fails on three (3) or more occasions within any one (1) year period to comply with one (1) or more provisions of this Agreement, whether or not such failures to comply are cured after notice thereof is delivered to Developer; or

(7) Failure to comply with the conditions of transfer of any interest in Developer as required of this Agreement.

B. Franchisor may terminate this Agreement and all rights granted herein, upon thirty (30) days written notice to Developer, or a less time as specified below, for a material default of this Agreement, which shall constitute good cause for termination and the failure of Developer to cure the good cause for termination within the notice period. Good cause for termination shall be the occurrence of any one of the following events of default:

(1) If Developer fails to meet the development requirements set forth in the Development Schedule;

(2) If Developer fails to develop, open and operate each Fitness Facility and execute each Franchise Agreement in compliance with this Agreement;

(3) If Developer fails to designate a qualified replacement Representative;

(4) If Developer misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks or with the System and does not cure such default following written notice from Franchisor;

(5) If Developer, fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor or its affiliate required by this Agreement, or by any Franchise Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(6) If Developer fails to correct a deficiency of a health, sanitation, or safety issue after notice of such deficiency is issued by a local, state, or federal agency or regulatory authority; or

(7) If Franchisee fails to comply with any other material term or material condition imposed by this Agreement or any other Franchise Agreement between Franchisor and Franchisee.

C. Failure of Developer to cure the default within the specified time, or a longer period of time as applicable law may require, will result in Developer's rights under this Agreement to be terminated effective on the expiration of the notice period, and without further notice to Developer.

D. Upon termination of this Agreement, Developer has no right to establish or operate any Fitness Facility for which an individual Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination. Franchisor, effective upon termination of this Agreement, shall have the absolute right and is entitled to establish, and to license others to establish, CITYROW Fitness Facilities in the Site Selection Area, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

E. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, unless Developer's acts or omissions also violate the terms and conditions of the applicable Franchise Agreement.

F. No right or remedy herein conferred upon or reserved to the Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

15. EFFECT OF TERMINATION AND EXPIRATION

All obligations of Franchisor and Developer under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

16. TRANSFER OF INTEREST

A. BY FRANCHISOR

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights, duties or obligations to any person or legal entity without the consent of or notice to Developer. This Agreement shall inure to the benefit of, and be binding on the successors and assigns of Franchisor.

B. DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR

Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer and its owners and that Franchisor has granted these rights to Developer in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Developer and/or its owners. Unless otherwise provided with respect to an assignment to an entity controlled by Developer as provided in Section 16.D., none of these rights nor any ownership interest in Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership,

by transfer of an interest in Developer or in this Agreement in a divorce proceeding, or if Developer or an owner of Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the approval of Franchisor. Any attempted assignment or transfer without such approval will constitute a breach of this Agreement and will not transfer any rights or interests to such assignee or transferee.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

If Developer is in substantial compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of an assignment or transfer contemplated by Section 16.B. so long as the proposed assignee or transferor has good and moral character, sufficient business experience and aptitude to develop and own and operate Fitness Facilities, and otherwise meets Franchisor's then-current standards for developers and Franchisees. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of any such assignment or transfer:

(1) All the accrued monetary obligations of Developer or any of its affiliates and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement or any Franchise Agreement or other agreement between them and all trade accounts and any other debts to Franchisor, of whatsoever nature, prior to the transfer becoming effective shall be satisfied;

(2) Developer and its affiliates are not in material default of any substantive provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement granted pursuant to its terms, or other agreement between Developer or any of its affiliates and Franchisor or its affiliate;

(3) Developer and its Principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, releasing Franchisor of any and all claims against Franchisor and its affiliate and their respective past and present partners, the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under or related to this Agreement and any other agreements between Developer and Franchisor, or under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's managerial and business experience standards, that the transferee possesses good moral character, business reputation and credit rating; that the transferee has the aptitude, financial resources and capital committed for the operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other CITYROW Fitness Facilities operated by transferee, if any;

(5) The transferee shall sign a written assumption agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability from the date of

the transfer of all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, partners, members or other investors, as applicable, shall also execute such agreement;

(6) Developer shall pay a transfer fee of $5,000 to Franchisor at the time of transfer;

(7) Developer acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary; and

(8) Developer must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment.

Franchisor's consent to a transfer of any interest in Developer described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

D. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

(1) Notwithstanding the provisions of this Section 16 of this Agreement, upon thirty (30) days' prior written notice to Franchisor, and without payment of a transfer fee, Developer may assign this Agreement to a corporation or limited liability company that conducts no business other than the development and/or operation of CITYROW Fitness Facilities. Developer shall be the owner of all the voting stock or interest of the corporation or limited liability company, or if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer before the transfer. Developer and each of its Principals, as applicable, may transfer, sell or assign their respective interests in Developer, by and amongst themselves with Franchisor's prior written consent, which consent shall not be unreasonably withheld; but may be conditioned on compliance with Section 11, except that such transfer, sale or assignment shall not effect a change in the controlling interest in Developer.

(2) Any person who is or becomes a shareholder or member of Developer or has or acquires beneficial ownership of any shares of stock equal to or greater than ten percent (10%) ownership interest in Developer must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement. Developer must furnish Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Developer.

E. RIGHT OF FIRST REFUSAL

If Developer receives and desires to accept any bona fide offer to transfer an ownership interest from a third party, then the Developer shall promptly notify Franchisor in writing and send Franchisor an executed copy of the contract of transfer. Franchisor shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed

contract of transfer which shall describe the terms of the offer, to send written notice to Developer that Franchisor intends to purchase the Developer's interest on the same terms and conditions offered by the third party. Closing on the purchase must occur within sixty (60) days from the date of notice by Franchisor to the Developer of Franchisor's election to purchase. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 16 shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

F. DEATH OR DISABILITY

(1) Upon the death or permanent disability of Developer (or the managing shareholder, managing member or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners or members, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed manager must attend and successfully complete Franchisor's training program within one hundred twenty (120) days of the appointment. If the Fitness Facility is not being managed by a Franchisor approved manager within thirty (30) days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Facility for and on behalf of Developer until an approved assignee is able to assume the management and operation of the Fitness Facility. Franchisor's appointment of a manager of the Fitness Facility does not relieve Developer of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Fitness Facility or to any creditor of Developer for any products, materials, supplies or services purchased by the Fitness Facility during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(2) Upon the death or permanent disability of Developer (or any shareholder, partner or managing member of Developer, if Developer is a corporation, partnership or limited liability company), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death or appoint a manager approved by Franchisor in the case of permanent disability. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 16. Failure to so dispose of this interest within that period of time constitutes grounds for termination.

G. PUBLIC OR PRIVATE OFFERINGS

(1) Developer acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Developer agrees to submit any written information intended to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: (i) if Developer attempts to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interest) and (ii) if any of its owners attempt to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interests) Developer (or any of its owners) agrees not to use the written materials submitted to Franchisor or any other written materials to raise or secure funds unless and until Franchisor approves of the language. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been furnished to Franchisor, in writing, pursuant to the written request of the Developer. The written request shall state the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or its affiliate or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. The written consent of Franchisor pursuant to this Paragraph G does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering.

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

"NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."

(3) Developer and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney's fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or

to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.

H. NOTICE TO FRANCHISOR

Provided Developer is not then a public company, if any person holding an interest in Developer (other than Developer or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and provide information as Franchisor may reasonably request before the transfer. The transferee may not be one of Franchisor's competitors. The transferee must execute a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as Exhibit E. Franchisor also reserves the right to designate the transferee as one of the Principals. If Developer is a public company, this provision applies only to transfers in interest by Principals or to any person or entity controlling more than ten percent (10%) of Developer's voting stock.

17. APPROVALS

A. Wherever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for such approval or consent.

B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or to any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent, or services to Developer in connection with this Agreement, or by any reason of neglect, delay or denial of any request therefor.

18. NONWAIVER

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

B. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened

breach, failure or default of any term, provision or condition of this Agreement, the rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement.

19. DEVELOPER'S RECORDS AND REPORTS

A. Developer must keep accurate records concerning all transactions and communications between Franchisor and Developer relating to the development and operation of facilities in the Site Selection Area. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation.

B. Developer must furnish to Franchisor monthly written reports regarding Developer's progress on the development of CITYROW Fitness Facilities under this Agreement.

20. NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after sending by overnight courier with delivery confirmed and addressed to the party to be notified at its most current address of which the notifying party has been notified. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

CITYROW FRANCHISE, LLC
106 E. Liberty, Ste 310
Ann Arbor, MI 48104
ATTN: CEO

with copy to:

John D. Moore, Esq.
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, Missouri 64112
(816) 983-8115

Notice to Developer:

_____
_____
_____
_____
ATTN:_____

21. MEDIATION

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN AN ARBITRATION OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION IS TO BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND DEVELOPERS, AGREED UPON BY THE PARTIES AND, FAILING AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, AT FRANCHISOR'S CORPORATE HEADQUARTERS IN ANN ARBOR, MICHIGAN. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS FEES INCURRED BY EITHER PARTY), IS TO BE SHARED BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN THE MATTER MUST BE SUBMITTED TO ARBITRATION IN ACCORDANCE WITH SECTION 22 TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE UNLESS THE TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONEY OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF IT DEEMS NECESSARY TO PROTECT THE SYSTEM OR THE LICENSED MARKS; OR (3) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FITNESS FACILITY PREMISES IN A COURT HAVING JURISDICTION WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.

22. ARBITRATION

Except for controversies, disputes or claims related to or based on Developer's use of the Licensed Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents, employees, successors and assigns and Developer and Developer's

owners, guarantors, affiliates, employees and independent contractors arising out of or related to: (1) this Agreement or any other agreement between Developer and Franchisor or any provision of any agreement; (2) Franchisor's relationship with Developer; (3) the validity of this Agreement or any other agreement between Developer and Franchisor or any provision of any such agreement; or (4) any System Standard relating to the operation of the CITYROW Fitness Facility will be submitted for arbitration to the Ann Arbor, Michigan office, as determined by Franchisor, in its sole discretion, of the American Arbitration Association on demand of either party. Arbitration proceedings will be conducted at Franchisor's office in Ann Arbor, Michigan, and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then-current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any Licensed Mark generic or otherwise invalid or to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Developer further agree that, in connection with any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as described above will be forever barred.

Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents and employees and Developer and Developer's owners, guarantors, affiliates, employees and independent contractors may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Notwithstanding the foregoing, Franchisor may bring an action (1) for money owed, (2) for injunctive or other extraordinary relief from a court of competent jurisdiction, or (3) to obtain possession of or to secure other relief relating to the CITYROW Fitness Facility in a court having jurisdiction, without first submitting that action to mediation or to arbitration.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties to this Agreement, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Developer is a party, otherwise upon Developer's receipt of a notice of non-enforcement from Franchisor.

(2) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, 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 Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed 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, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. EXCEPTIONS

Neither Franchisor nor Developer are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that Franchisor may have injunctive relief, upon due notice, in addition to further and other relief as may be available at equity or law. Developer has remedies as may be available at equity or law, including the dissolution of injunction if the entry of injunction is vacated.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Developer under this Agreement are cumulative and no exercise or enforcement by Franchisor or Developer of any right or remedy precludes the exercise or enforcement by Franchisor or Developer of any other right or remedy which Franchisor or Developer is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Developer to Franchisor or its affiliate is asserted in any legal proceeding before a court of competent jurisdiction or by an arbitrator or mediator, or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorneys' fees.

F. GOVERNING LAW

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the laws of the State of Michigan, which laws shall prevail in the event of any conflict of laws.

G. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Developer hereby irrevocably submits itself to the state courts of the state and county where Franchisor is then headquartered and the Federal District Court having jurisdiction over the same geographical area. Developer hereby agrees that service of process may be made upon it in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state where Franchisor is then headquartered or Federal Law. Developer further agrees that venue for any proceeding relating to or arising out of this Agreement shall be in the county and state where Franchisor is then headquartered; provided, however, with respect to any action (i) for money owed, (ii) for injunctive or other extraordinary relief, or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction.

Developer and Franchisor acknowledge that the execution of this Agreement and the acceptance of the terms of the parties occurred in Ann Arbor, Michigan, and further acknowledge

that the performance of certain obligations of Developer arising under this Agreement, including, but not limited to, the payment of money due under this Agreement shall occur in Ann Arbor, Michigan.

H. VARIANCES

Developer acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Developer understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Developer understands existing Developers may operate under different forms of agreements and that the rights and obligations of existing Developers may differ materially from this Agreement.

I. WAIVER OF JURY TRIAL

The parties hereby waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, in any matter arising out of or in any way connected with this Agreement. All litigated disputes shall be tried to the court sitting without a jury. Developer waives, to the fullest extent permitted by law, any right to assert any claim against Franchisor on behalf of, or as a member of, a class.

J. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.

K. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. Developer acknowledges that Developer is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Developer's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or Developers, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law.

Developer hereby acknowledges and further represents and warrants to Franchisor that:

1. Developer has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements, or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document;

2. Developer has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;

3. Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of whether Franchisor may have approved of the franchise or site location;

4. Developer has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Developer did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

5. Developer has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor; and

6. Developer has received a copy of the Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations, or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Developer and no such claims, representations or warranties have induced Developer to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. CAVEAT

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Developer as an independent business person, and the active participation of Developer in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross sales, volume, potential earnings or profits which Developer in particular might be expected to

realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Developer to accept this franchise and execute this Agreement.

C. Developer represents and acknowledges that he has received a copy of this Agreement, with all blanks filled in, from Franchisor at least seven (7) calendar days before the date of execution of this Agreement. Developer further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

25. MISCELLANEOUS

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The "Developer" as used in this Agreement is applicable to one (1) or more persons, a corporation or a partnership or limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Developer under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Developer or the Assignee, if Developer or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER:

(If Developer is a corporation or limited liability company)

_____
Name of Corporation or limited liability company

By: _____
Name: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20___, by _____, (each a "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date (the "Area Development Agreement") by CITYROW FRANCHISE, LLC (the "Franchisor"), and with _____ ("Developer"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that: (1) such Guarantor's undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor's liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Area Development Agreement by a trustee of Developer; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in

any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

_____

Guarantor

_____

Guarantor

_____

Guarantor

EXHIBIT A - SITE SELECTION AREA

SITE SELECTION AREA

The development rights and obligations of Developer, _____, to timely develop and open CITYROW Fitness Facilities shall be within the following described area:

_____

_____

_____

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER:

(If Developer is a corporation or limited liability company)

_____
Name of Corporation or limited liability company

By: _____
Name: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

EXHIBIT B - DEVELOPMENT SCHEDULE

1. Development Schedule

Developer, _____, agrees to timely open CITYROW Fitness Facilities in compliance with the following Development Schedule. Developer further agrees that failure to timely open the Fitness Facilities in compliance with the Development Schedule shall cause the rights of exclusivity granted to Developer regarding the geographic area defined in Exhibit A to be forfeited.

The Development Schedule is as follows:

FITNESS FACILITY NUMBER	DATE OF FITNESS FACILITY OPENING (DEVELOPMENT PERIOD)	CUMULATIVE NUMBER OF FITNESS FACILITIES TO BE OPENED

2. Forfeiture of Rights of Exclusivity

Developer's failure to comply with the Development Schedule causes the rights of exclusivity to be forfeited.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER:

(If Developer is a corporation or limited liability company)

_____
Name of Corporation or limited liability company

By: _____
Name: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

EXHIBIT C - FRANCHISE AGREEMENT

EXHIBIT D - STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

A. The following is a list of shareholders, partners, members or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest

B. The following is a list of all of Principals described in and designated pursuant to this Area Development Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Exhibit E of this Area Development Agreement:

_____

Initial and Date

EXHIBIT E - CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this _____day of _____, 20__, between CITYROW FRANCHISE, LLC, a Delaware limited liability company ("Franchisor"), _____ ("Developer"), and _____ _____ ("Covenantor").

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of CITYROW® Fitness Facilities under the name and marks CITYROW® ("Fitness Facilities"); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks CITYROW® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System's high standards of quality, appearance and service and distinctive merchandising, interior design, decor, color scheme and furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System ("Trade Secrets"); and

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

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

WHEREAS, Franchisor has granted Developer the limited right to develop a CITYROW Fitness Facility using the System, the Licensed Marks and the Trade Secrets, pursuant to an Area Development Agreement entered into on _____, 20___ ("Area Development Agreement"), by and between Franchisor and Developer; and

WHEREAS, Franchisor and Developer have agreed in the Area Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Developer, or any entity having an interest in Developer ("Covenantor") to have access to and to use some of all of the Trade Secrets in the management and operation of Developer's CITYROW Fitness Facility using the System; and

WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Developer; and

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

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Developer and then only in connection with the development and/or operation by Developer of a CITYROW Fitness Facility for so long as Developer is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a CITYROW Fitness Facility.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

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

7. Franchisor loans all manuals to Developer for limited purposes only and they 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 unique qualities of the System and the confidentiality and value of the Trade Secrets during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Trade Secrets, 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 Fitness Facilities to any competitor;

b. Except with prior written consent of Franchisor, not to employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any Developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Developer's employment of that person if permitted under the Area Development Agreement; and

c. Except with respect to Fitness Facilities operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a CITYROW Fitness Facility. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in a manner similar to a CITYROW Fitness Facility, and which Competitive Business is located in, or is intended to be located within the Site Selection Area of this Area Development Agreement or within the Site Selection Area of any other area development agreement granted a developer within the System, or within a five (5) mile radius of the location of any CITYROW Fitness Facility in existence or under construction or where land has been purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Developer's interest in the Area Development Agreement or the termination of his association with or employment by Developer, 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 Fitness Facilities to any competitor;

b. Employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any franchisee

of franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and

c. Except with respect to Fitness Facilities operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a CITYROW Fitness Facility. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in a manner similar to a CITYROW Fitness Facility, and which Competitive Business is located in, or is intended to be located within the Site Selection Area of this Area Development Agreement or within the Site Selection Area of any other Area Development Agreement granted a developer within the System, or within a five (5) mile radius of the location of any CITYROW Fitness Facility in existence or under construction or where land has been purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

Miscellaneous

1. Developer 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 a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Area Development 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 Developer in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach 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 MICHIGAN AND COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF WASHTENAW COUNTY, MICHIGAN AND THE EASTERN FEDERAL DISTRICT COURT FOR MICHIGAN IN ANN ARBOR, MICHIGAN. 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 IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MICHIGAN OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ANN ARBOR, MICHIGAN; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER 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 in this Agreement 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 part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the 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 of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, 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:

CITYROW FRANCHISE, LLC
106 E. Liberty, Ste 310
Ann Arbor, MI 48104
ATTN: CEO

with a copy to:

John D. Moore, Esq.
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, Missouri 64112

If directed to Developer, 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 facsimile or electronic mail 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 three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer 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:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER:

(If Developer is a corporation or limited liability company)

_____
Name of Corporation or limited liability company

By: _____
Name: _____
Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below)

_____
Developer

_____
Developer

_____
Developer

_____
Developer

EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

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CITYROW FITNESS FACILITY
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered on _____, by and between CITYROW Franchise, LLC, a Delaware limited liability company, with its principal office at 106 E. Liberty, Ann Arbor, MI 48104 (the "Franchisor") and _____, a _____ formed and operating under the laws of the State of _____, or _____, an individual, whose principal address is _____ _____ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, as a result of the expenditure of time, effort, and expense, Franchisor has created a unique and distinctive proprietary system hereinafter (the "System") for the establishment, development and operation of CITYROW® Fitness Facilities (the "Fitness Facility" or "Fitness Facilities") that offer effective and fun total body workouts, taught by CITYROW Certified Trainers;

WHEREAS, Franchisor owns the System and the right to use the Licensed Marks (as defined below) and grants the right and license to others to use the System and the Licensed Marks;

WHEREAS, the distinguishing characteristics of the System, include, without limitation: interior design, color scheme and equipment; uniform standards, specifications and procedures for the unique classes; specifications and procedures for operations; uniformity of services and products offered; procedures for inventory management and financial controls; training assistance; and advertising and marketing programs; all of which may be changed, improved and further developed by Franchisor;

WHEREAS, Franchisor identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark CITYROW® and other trade names, service marks and trademarks as are now designated and may be hereafter designated by Franchisor in writing for use with the System (the "Licensed Marks");

WHEREAS, Franchisee understands and acknowledges the importance of uniformity of services and the uniformity of operating all Fitness Facilities in conformity with the Specifications (as defined below); and

WHEREAS, Franchisee acknowledges that it has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted at a CITYROW® Fitness Facility may evolve over time, and that an investment in a CITYROW® Fitness Facility involves business risks and that the success of the venture is largely dependent on Franchisee's business abilities.

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

1. DEFINITIONS

For purposes of this Agreement, the terms listed below have the following meanings. Other terms used in this Agreement are defined and construed in the context in which they occur.

A. PREMISES

The term "Premises" shall mean the location approved by Franchisor where the Fitness Facility shall be located.

B. AREA DEVELOPMENT AGREEMENT

If applicable, the term "Area Development Agreement" shall mean the agreement executed by Franchisor and Franchisee or its affiliate ("Developer"), dated _____, pursuant to which Developer was granted the right to develop multiple Fitness Facilities in a Site Selection Area (defined therein).

C. PROTECTED AREA

The term "Protected Area" shall mean the geographic area set forth in Exhibit A to this Agreement.

D. SPECIFICATIONS

The term "Specifications" shall mean the standards, procedures, requirements and specifications promulgated from time to time by Franchisor for construction, advertising, equipment, operations, design and other aspects of operation of a Fitness Facility.

E. PRINCIPALS

The term "Principals" includes, collectively and individually: (1) Franchisee's spouse, if Franchisee is an individual; (2) any officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee); (3) the managing member or manager if Franchisee is a limited liability company; (4) the spouse of any officer, director, managing member or manager; and (5) any person or any entity directly owning and/or controlling ten percent (10%) or more of the beneficial equity ownership of Franchisee. The initial Principals shall be listed in Exhibit D. The Principals must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations; provided however, any spouse described above who does not have a financial interest in Franchisee or the Fitness Facility may execute the Confidentiality Agreement and Ancillary Covenants Not To Compete attached as Exhibit B to this Agreement in lieu of the Guaranty and Assumption of Obligations.

F. IMMEDIATE FAMILY MEMBER

An Immediate Family Member shall mean a spouse or living children or living grandchildren or a trust for the benefit of such persons.

2. GRANT OF FRANCHISE

A. In reliance upon the representations and warranties of Franchisee and its Principals (as defined in Section 1) Franchisor hereby grants to Franchisee, subject to the provisions contained in this Agreement, a non-exclusive right and license, and Franchisee hereby accepts the right and obligation, to own and operate a CITYROW Fitness Facility utilizing the System and the Licensed Marks at, and only at, the Premises (the "Fitness Facility"). During the term of this Agreement, provided Franchisee is in compliance with the provisions herein, Franchisor will not open or authorize another person to open a Fitness Facility within the Protected Area. The operation of a Fitness Facility at the Premises by Franchisee is restricted to retail sales of the approved products and services. The initial term of this Agreement is for ten (10) years, commencing on the date of this Agreement.

B. Franchisee and its Principals understand and acknowledge that Franchisor has granted

these rights in reliance on the representations and warranties, the business skill, financial capability, personal character and expectations of performance by Franchisee and the Principals. This Agreement, and the rights and obligations, may not be transferred until after the Fitness Facility is open for business.

C. The location of the Fitness Facility and the size of the Protected Area are set forth on Exhibit A. If Franchisee has not determined the location of the Fitness Facility as of the date of this Agreement, Franchisor and Franchisee shall complete and execute Alternative Exhibit A, which shall set forth a geographic area in which the location of the Fitness Facility will be established. With respect to the geographical area set forth in Alternative Exhibit A, Franchisee acknowledges and agrees that (i) Franchisee does not have any territorial rights within that geographical area; (ii) Franchisor may permit other new franchisees to search for a location for their Fitness Facility within that same geographical area (iii) potential locations for Fitness Facilities and resulting Protected Areas located within that geographical area will be reviewed and approved by Franchisor or denied by Franchisor based on Franchisor's then current site selection and approval policy. If Franchisee selects a location in accordance with Alternative Exhibit A, Franchisor and Franchisee will then execute Exhibit A, which will establish the Protected Area around the Fitness Facility. The Protected Area is typically defined based on a radius from the location of the Fitness Facility and will include a population of 50,000 and will not exceed a radius of 3 miles (6-mile diameter). We reserve the right to vary the size of the radius restriction based on the demographics and development of each market.

D. Notwithstanding the above, Franchisor and any other authorized person or entity (including any other CITYROW franchisee) shall have the right, at any time, to advertise and promote the System in the Protected Area.

E. Franchisor (on behalf of itself and its affiliates and its subsidiaries) retains the right, in its sole discretion, and without granting any rights to Franchisee:

(1) To itself operate, or to grant other persons the right to operate, CITYROW Fitness Facilities at locations and on terms Franchisor deems appropriate anywhere outside the Protected Area;

(2) To sell the products and services authorized for CITYROW Fitness Facilities under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution within and outside of the Protected Area, including, but not limited to, through electronic means such as the Internet and by websites established by Franchisor or one of its affiliates and through commercial retail and wholesale outlets determined by Franchisor;

(3) To advertise and promote, and grant others the right to advertise and promote, the System in the Protected Area and on the Internet and to create, operate, maintain and modify, or discontinue the use of websites using the Licensed Marks;

(4) To offer and sell, and authorize others to offer and sell collateral products such as training tapes, clothing, fitness equipment and CITYROW memorabilia under the Licensed Marks at or from any location;

(5) To own, operate or license others to own and operate, other fitness concepts within and outside the Protected Area, provided the other fitness concepts are not similar to a CITYROW Fitness Facility and do not use the Licensed Marks;

(6) To establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Protected Area granted by the Franchise Agreement, under the Licensed Marks and on any terms and conditions we deem appropriate;

(7) To acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at CITYROW Fitness Facilities, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Protected Area; and

(8) To be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at CITYROW Fitness Facilities, even if such business operates, franchises and/or licenses competitive businesses within the Protected Area.

F. Franchisee hereby waives and releases any claims, demands, or damages arising from or related to any of the activities in paragraph E above and agrees never to begin or join in any legal action or proceeding, directly or indirectly, contending otherwise.

3. DUTIES OF FRANCHISEE

A. Franchisee and the Principals, as applicable, make the following representations and warranties and accept the following obligations: If Franchisee is a corporation, or a partnership, or a limited liability company, Franchisee represents, warrants and covenants that: (i) Franchisee is and shall at all times be duly organized and validly existing under the state law of its formation; (ii) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require qualification; (iii) the execution and performance of the obligations of this Agreement are within Franchisee's corporate power, if Franchisee is a corporation or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and if Franchisee is a limited liability company, permitted under the organizational documents; and (iv) copies of its articles of incorporation, bylaws, articles of organization and operating agreements, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents Franchisor reasonably requests will be furnished to Franchisor within a reasonable time after receipt of Franchisor's written request; or if Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments will be furnished to Franchisor as soon as is practical after receipt of Franchisor's written request, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if approval or consent is required by Franchisee's partnership agreement, or if Franchisee is a limited liability company, copies of Franchisee's written articles of organization and operating agreement, other governing documents and any amendments have been furnished to Franchisor for the execution of this Agreement.

B. The ownership interests in Franchisee must be accurately and completely described in Exhibit D to this Agreement. Further, if Franchisee is a corporation, it must maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if Franchisee is a partnership, it must maintain at all times a current list of all owners of an interest in the partnership entity, or if Franchisee is a limited liability company, Franchisee must maintain at all times a current list of members and managers. Franchisee must immediately provide a copy of the updated list of owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon request.

C. Franchisee must notify Franchisor if any person ceases to qualify as one of the Franchisee's Principals, or if any individual subsequently qualifies as one of Franchisee's Principals, and such person

must execute any documents as Franchisor reasonably requires.

D. Franchisee must maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation must have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 3 do not apply to a publicly held corporation. If Franchisee is a partnership, its written partnership agreement must provide that the ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, restrictions imposed on assignments by this Agreement. If Franchisee is a limited liability company, the articles of organization and management agreement must provide that transfer of an ownership interest is subject to restrictions imposed on assignments by this Agreement.

E. Franchisee must provide Franchisor with the most recent financial statements of Franchisee, which satisfy Franchisor's then-current financial criteria for franchisees. The financial statements must present fairly the financial position of Franchisee, at the dates indicated and with respect to Franchisee, the results of its operations and its cash flow for the year then ended. Franchisor's financial criteria for franchisees will require Franchisee to maintain sufficient working capital to fulfill its obligations under this Agreement. The required financial statements must be in conformity with generally accepted accounting principles ("GAAP") applicable to the respective period involved.

F. Franchisee's Principals must each execute the confidentiality and non-competition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete (Exhibit B). Principals must jointly and severally guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements in this Agreement.

G. Upon execution of this Agreement, Franchisee must designate an individual to serve as the Representative of Franchisee who is fully authorized to act on behalf of Franchisee in all transactions with Franchisor (the "Representative"). The Representative must, during the term of this Agreement, meet the following qualifications:

(a) The Representative must maintain a direct or indirect ownership interest in the Franchisee.

(b) The Representative must devote substantial time and best efforts to the supervision and conduct of the business contemplated by this Agreement.

(c) If, during the term of this Agreement, the Representative is not able to continue to serve in the capacity of Representative or no longer qualifies to act in accordance with this Section 3, Franchisee must promptly notify Franchisor and designate a replacement Representative within ten (10) days after the Representative ceases to serve or be so qualified.

H. Franchisee or its Representative shall attend the annual franchisee convention for CITYROW franchisees at least once every two years.

I. Franchisee and the Principals understand that compliance with Franchisor's training, development and operational requirements by all franchisees operating under the System is an essential and material element of the System. Franchisee also understands that Franchisor and the franchisees operating under the System must expend substantial time, effort and expense in training management personnel for the development and operation of their respective CITYROW Fitness Facilities. Accordingly, Franchisee or any Principal must not recruit, designate or employ in a managerial position, any individual who is

employed in a managerial position by Franchisor or by its affiliate without the consent of Franchisor. This prohibition includes, but is not limited to, individuals employed by Franchisor in its CITYROW Fitness Facilities, or by any other franchisee, without the consent of the other franchisee. In seeking any individual to serve in a managerial position, Franchisee and the Principals shall not discriminate illegally in any manner whatsoever against any individual.

J. Franchisee and the Principals acknowledge and agree that the representations, warranties and covenants set forth in above paragraphs are continuing obligations, as applicable, and that any failure to comply with those representations, warranties and covenants shall constitute a material event of default under this Agreement.

4. SITE SELECTION

A. Site selection, building design, and construction of the Fitness Facility are the responsibility of Franchisee, but Franchisee must obtain Franchisor's approval of the proposed site. Franchisor will exert its best efforts to deliver written notification of approval or disapproval of each proposed site within thirty (30) days after its receipt of all information and materials Franchisor may reasonably require to approve such site.

Franchisor must have approved the proposed site before Franchisee can make any improvements to the site or take possession of the site. Franchisee agrees that Franchisor's approval of a site or the rendering of assistance in the selection of a site for the Fitness Facility does not constitute a representation promise, or guarantee by Franchisor that the site will be profitable or otherwise successful. Failure to comply with this Agreement or any other franchise agreement granted under the terms of the Area Development Agreement could affect Franchisee's right to develop and open CITYROW Fitness Facilities and could result in the loss of other rights or the termination of the Area Development Agreement. In the event of a conflict between the terms of this Agreement and the Area Development Agreement, this Agreement shall control.

B. Franchisee assumes all costs, liabilities, expenses and responsibilities for locating, obtaining and developing a site for the Fitness Facility within the Protected Area and for constructing and equipping the Fitness Facility at the site. Franchisee must purchase or lease a site for a Fitness Facility. Franchisee agrees that Franchisor's approval of a site or rendering of assistance in the selection of a site for a Fitness Facility does not constitute a representation, promise, or guarantee, by Franchisor that the site will be profitable or otherwise successful. Franchisor assumes no responsibility for the selection of the site. Franchisee must select a site for the Fitness Facility within five (5) months after the date of this Agreement; provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing sites and requests such extension at least fourteen (14) days in advance of the expiration of the original period.

C. Prior to acquisition by lease or purchase of a site for a Fitness Facility, Franchisee must submit to Franchisor, in the form specified by Franchisor, a description of the site, demographic information concerning the population of the work force and residents in the Protected Area, average household income, ingress and egress, a site plan of the retail center in which the Fitness Facility would be located (if applicable) proximity to and nature of the business in the Protected Area and such other information and materials as Franchisor may reasonably require. If requested by Franchisee, Franchisor will provide site scores for various sites requested, but Franchisor reserves the right to charge Franchisee a fee between Twenty-Five Dollars ($25) and One Hundred Dollars ($100) per site score requested. If a site evaluation is requested by Franchisee or is necessary as determined by Franchisor, Franchisee must reimburse Franchisor for all direct expenses Franchisor incurs for the on-site evaluations, including, but not limited to, the cost of travel, lodging, meals and wages of its representatives and employees. Franchisee agrees

that it will submit this information and materials for the proposed site to Franchisor no later than five (5) months after the execution of this Agreement; provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing a site and requests such extension at least fourteen (14) days in advance of the expiration of the original period. Any acquisition or lease of a site by Franchisee shall be in accordance with the following.

(1) If Franchisee proposes to purchase the Premises for the Fitness Facility, Franchisee must send to Franchisor a copy of the proposed purchase contract or a memorandum of its business terms. Franchisor will respond to Franchisee within fifteen (15) days of receipt of the information with any comments or recommendations concerning the business terms. Franchisee will furnish Franchisor a copy of the executed purchase contract.

(2) If Franchisee intends to lease the Premises, Franchisee must send to Franchisor a copy of the proposed lease or a memorandum setting forth its business terms. Franchisor shall have fifteen (15) days after its receipt of the information submitted to comment and make recommendations with respect to the business terms of the proposed lease. The proposed lease must include the Franchisor's Lease Rider attached as Exhibit C (the "Lease Rider"). The Lease Rider must be executed by Franchisee and the landlord and returned to the Franchisor for review and approval prior to Franchisee executing the lease. Once executed, Franchisee will furnish Franchisor a copy of the fully executed lease and the Lease Rider.

D. Within six (6) months after the date of this Agreement, Franchisee must acquire the site by purchase or lease provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing a site and requests such extension at least fourteen (14) days in advance of the expiration of the original period. Franchisee's failure to select and acquire the site for the Fitness Facility in accordance with these requirements will constitute a material breach of this Agreement.

E. Franchisee must commence and diligently pursue construction or conversion of the Fitness Facility, as applicable. Franchisee acknowledges that time is of the essence.

5. DEVELOPMENT AND OPENING OF A FITNESS FACILITY

A. DEVELOPMENT AND CONSTRUCTION OF FITNESS FACILITY

Franchisor will furnish Franchisee its then-current prototype architectural plans and Specifications for a CITYROW Fitness Facility, reflecting Franchisor's requirements for dimensions, interior design and layout, image, placement of equipment, fixtures, furniture, signs and decor. Franchisee must construct the Fitness Facility in compliance with the prototype plans and Specifications.

Promptly after signing a lease or closing on a purchase of the Premises of the CITYROW Fitness Facility and being furnished with Franchisor's prototype plans and Specifications, Franchisee will adapt the prototype plans and Specifications for the Fitness Facility and submit the actual plans for the Fitness Facility to Franchisor for review and approval. If necessary, it is Franchisee's sole responsibility to hire an architect or contractor and ensure their adherence to the CITYROW Specifications. If Franchisor determines, in its sole discretion, that the plans are not acceptable, Franchisor (A) will provide notice to Franchisee in writing within thirty (30) days of receipt of the plans stating the reasons the plans are unacceptable; and (B) may prohibit Franchisee from taking additional steps to construct the Fitness Facility until such time as the plans are acceptable to Franchisor. Franchisee must revise and resubmit the plans to Franchisor for approval and Franchisor will approve or reject the revised plans within fifteen (15) days of receipt. Regardless of any approval provided by Franchisor, Franchisee is solely responsible for the accuracy of the plans and the integrity of the construction of the Fitness Facility.

Promptly after receiving Franchisor's approval of the plans for the Fitness Facility in writing, Franchisee will do or cause to be done the following:

(1) Obtain all required zoning, building, utility, sign, health, and business permits and licenses, and any other required permits and licenses;

(2) Construct all required improvements to the Premises, purchase and install all required fitness equipment, fixtures, furniture and other equipment and decorate the Premises in accordance with the approved plans and in compliance with the Specifications and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions; and

(3) Establish filing, accounting and inventory control systems conforming to the requirements prescribed by Franchisor.

B. FITNESS FACILITY OPENING

Franchisee agrees that it will not open the Fitness Facility for business without Franchisor's prior approval and compliance by Franchisee with the requirements of this Agreement and the opening criteria established in the Operations Manual. Franchisee must open the Fitness Facility and commence business upon the earlier of: (1) six (6) months after receiving site approval from Franchisor; or (2) the twelve (12) month anniversary of the date of this Agreement; and (3) thirty (30) days after receipt of Franchisor's written authorization to open. Franchisee's failure to open for business in accordance with these requirements will constitute a material breach of this Agreement.

C. RELOCATION OF FITNESS FACILITY

If Franchisee's lease for the Premises of the Fitness Facility expires or terminates without fault of Franchisee, or if in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Fitness Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisor will grant permission for relocation of the Fitness Facility to a location Franchisor approves. Franchisor will approve any relocation of the Fitness Facility under the same criteria as Franchisor uses to approve any new location. Any relocation must be at Franchisee's sole expense, and Franchisee must pay Franchisor a change of location fee of Five Thousand Dollars ($5,000) at the time relocation is requested for services Franchisor renders to Franchisee because of relocation.

If Franchisee is unable to continue the operation of the Fitness Facility at the approved location because of the occurrence of a force majeure event as described in this Agreement, then Franchisee may relocate the Fitness Facility to another location in the Protected Area. If Franchisee elects to relocate the Fitness Facility, then Franchisee must comply with the applicable site selection and construction procedures set forth in Sections 4 and 5 of this Agreement. There is no relocation fee for a force majeure event.

D. PROGRESS REPORTS

Franchisee must provide Franchisor monthly written reports regarding the progress of construction or remodeling in compliance with Franchisor's then-current Specifications.

6. TRAINING AND OPERATING ASSISTANCE

A. INITIAL TRAINING

1. Franchisor will provide, and Franchisee must attend and successfully complete,

the initial training program.

2. Franchisor will provide Franchisee and its general manager with an initial training program regarding the operations of a CITYROW Fitness Facility. Franchisee and its general manager must successfully complete the initial training program at least ten (10) days before the opening, or taking over operations, of the Fitness Facility.

3. The initial training program will consist of classes conducted at Franchisor's offices and at other designated locations and on-the-job training furnished at one of Franchisor's affiliate owned Fitness Facilities. The initial training program will be for a minimum of three days and shall not exceed five days.

4. If at any time during the initial training program it appears to Franchisor, in Franchisor's sole discretion, that a proposed manager is not able to successfully complete the initial training program, then Franchisee must select a successor manager who must attend and successfully complete the initial training program.

5. The initial training program will include classes and on-the-job training relating to the operation of the Fitness Facility, use of the equipment, customer service, scheduling and operating assistance.

6. Franchisee is solely responsible for the compensation, travel, lodging and living expenses for Franchisee and its general manager in connection with the attendance at the initial training program.

7. Franchisee acknowledges and agrees that it is not in Franchisee's best interest or in the best interest of the System to allow the Fitness Facility to be managed by any person who has not successfully completed Franchisor's initial training program.

B. INITIAL TRAINER TRAINING

1. Franchisor will provide training to Franchisee's trainers at one of its designated training facilities.

2. Franchisee may send as many trainers to Initial Trainer Training subject to Franchisor's availability.

3. At Franchisor's sole discretion, it may elect to perform an Initial Trainer Training at Franchisee's Fitness Facility or some other designated location.

4. If at any time during the trainer training program it appears to Franchisor, in Franchisor's sole discretion, that a proposed trainer is not able to successfully complete the trainer training program, then Franchisee must select a successor trainer who must attend and successfully complete the trainer training program.

C. SUBSEQUENT TRAINER TRAINING

1. All trainers must successfully attend trainer training prior to instructing a class. After the Initial Trainer Training program, all trainers must attend Subsequent Trainer Training and pay the Subsequent Trainer Training Fee.

2. Franchisor will provide Subsequent Trainer Training to Franchisee's trainers at one of its designated training facilities.

D. SUPPLEMENTAL TRAINING

Franchisee and its managers and its trainers must attend and successfully complete all refresher training courses, additional training programs and seminars as Franchisor periodically may offer ("Supplemental Training"). Franchisor provides instructors and training materials for all Supplemental Training, and Franchisee must pay Franchisor the then-current Supplemental Training fee, which is currently $300 per day and which shall not exceed $1,000 per day. In addition to this fee, Franchisee is responsible for all expenses incurred by Franchisee (or any of its representatives) in connection with attendance and participation in any Supplemental Training, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

In addition, upon Franchisee's request or as determined by Franchisor to be necessary during the term of this Agreement, Franchisor may conduct on site refresher or remedial training for Franchisee or its employees as Franchisor may require, in its sole discretion; provided that such training will not be required in excess of once per year unless Franchisee is in default of its obligations under this Agreement. For training at the Fitness Facility, Franchisee must pay Franchisor the then-current Supplemental Training fee, which is currently $300 per day and which shall not exceed $1,000 per day. Franchisee must also reimburse Franchisor for the costs and expenses of Franchisor's employees conducting such training, including transportation, lodging and meals.

E. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

Franchisee is solely responsible for the hiring of all of its employees of the Fitness Facility and is exclusively responsible for the terms of their employment and for their supervision and management, compensation and training. Franchisee is solely responsible for all employee hiring, working hours, benefits, wages, policies, management and supervision.

Franchisee agrees to maintain at all times a staff of trained employees sufficient to operate the Fitness Facility in compliance with Franchisor's standards.

F. OPENING ASSISTANCE

If Franchisee requests, Franchisor will provide Franchisee with supervisory assistance in connection with the opening and initial operations of the Fitness Facility. If Franchisee requests such assistance, Franchisee shall reimburse Franchisor or its affiliate for all costs and expenses incurred by Franchisor or such affiliate to provide such assistance to Franchisee. The direct costs and expenses to be reimbursed to Franchisor or its affiliate by Franchisee may include, but are not necessarily limited to, the costs of the transportation and lodging for the employees and other representatives of Franchisor and its affiliates to provide such assistance. In the event Franchisor provides Franchisee with opening assistance, Franchisee agrees to pay Franchisor or its affiliate such direct costs and expenses within thirty (30) days from the date of an invoice from Franchisor or its affiliate. Franchisee must have a certificate of occupancy from the local governmental agency where the Fitness Facility is located before Franchisor will schedule any such assistance.

G. OPERATING ASSISTANCE

Franchisor will advise Franchisee of operating problems of the Fitness Facility disclosed by reports submitted by Franchisee or by consultants to Franchisor. Franchisor will evaluate the services provided by

Franchisee at the Fitness Facility to maintain the highest standards of quality, service, and consistency throughout the System. Operating assistance provided by Franchisor to Franchisee may consist of one or more of the following:

(1) Operating procedures utilized by Franchisee;

(2) Evaluation of the Fitness Facility and the products and services provided by Franchisee to ensure compliance with the standards of quality, and service of the System;

(3) Purchasing of products and materials;

(4) Administering the Marketing Fund;

(5) Conducting a national convention or regional meetings of Franchisees;

(6) Selection of approved vendors and suppliers of products or services.

Guidance may be provided by Franchisor, in Franchisor's sole discretion, in the form of Franchisor's Operations Manual or through written or electronic communications to Franchisee, telephone consultations and/or consultations at the office of Franchisor or at the Fitness Facility.

H. OPERATIONS MANUAL

Franchisor loans to Franchisee during the term of this Agreement one (1) copy of an Operations Manual. The Operations Manual may consist of one (1) or more handbooks or manuals, video tapes, training materials, and other written and electronically transferred and stored materials (collectively, the "Operations Manual") for CITYROW Fitness Facilities. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures Franchisor prescribes for CITYROW Fitness Facilities and information relative to other obligations of Franchisee. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services and then-current Specifications for a CITYROW Fitness Facility. Franchisee must keep his copy of the Operations Manual current. The master copy of the Operations Manual Franchisor maintains at its principal office controls if there is a dispute relative to the contents of the Operations Manual, provided Franchisor has delivered to Franchisee by electronic transmission, such as the Internet, or by U.S. Mail, postage prepaid, legible copies of all updates, changes, addenda, additions and revisions to the Operations Manual. Franchisee shall have a reasonable period of time to implement the changes in the System required by changes to the Operations Manual. Franchisor shall give Franchisee written notice of the changes required and the period of time within which the changes must be implemented.

I. MODIFICATIONS TO THE SYSTEM

In the exercise of Franchisor's sole business judgment, Franchisor may from time to time modify any component of the System and any of the requirements applicable to Franchisee, including, but not limited to: (1) altering the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; (2) adding to, deleting from or modifying the products and services which the Fitness Facility is authorized and required to offer; (3) modifying or substituting the equipment, signs, trade dress and other characteristics that Franchisee is required to follow; and (4) changing, improving, modifying or substituting Licensed Marks. Franchisee agrees to implement any System modifications as if they were part of the System at the time Franchisee signed this Agreement.

Franchisee further acknowledges that because uniformity under many varying conditions may not

be possible or practical, Franchisor hereby reserves the right to materially vary its standards or franchise agreement terms for any Fitness Facility, based on the timing of the grant of the franchise, the peculiarities of the particular territory or the circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which Franchisor considers important to the successful operation of the Fitness Facility. Franchisee has no right to require Franchisor to disclose any variation or to grant the same or a similar variation to Franchisee.

7. LICENSED MARKS

A. LICENSE

Franchisor grants Franchisee the right to use the Licensed Marks during the term of this Agreement in accordance with the System and in compliance with the Specifications.

B. OWNERSHIP AND GOODWILL

Franchisee expressly understands and acknowledges that:

(1) Franchisor has the licensed right and interest in and to the Licensed Marks and the goodwill associated with and symbolized by the Licensed Marks;

(2) Franchisee acknowledges that Franchisee has no interest whatsoever in or to the Licensed Marks and that Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is conditioned upon Franchisee's conduct of his business in compliance with this Agreement and all applicable Specifications. Any unauthorized use of the Licensed Marks by Franchisee constitutes an infringement of the rights of Franchisor in and to the Licensed Marks;

(3) Franchisee agrees that all usage of the Licensed Marks by Franchisee and any goodwill exclusively benefits Franchisor or the registered owner to the Licensed Marks, CITYROW Holdings, LLC. Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Licensed Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks;

(4) Neither Franchisee nor any Principal may take any action that prejudices or interferes with the validity of Franchisor's rights with respect to the Licensed Marks; and

(5) All provisions of this Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for use by, and licensed to, Franchisee pursuant to this Agreement.

C. USE OF THE LICENSED MARKS

Franchisee further agrees that:

(1) The Licensed Marks shall be the sole identification of the Fitness Facility. Franchisee must operate and advertise the Fitness Facility only under the name CITYROW® without prefix or suffix. Franchisee must not use the Licensed Marks as part of its corporate or other legal name and must not use the Licensed Marks with modifying words, terms, designs or symbols, or in any modified form;

(2) Franchisee must identify itself as the owner of the Fitness Facility, as an

independent Franchisee of Franchisor, in conjunction with any use of the Licensed Marks, including, but not limited to, uses on stationery, membership contracts, advertising, invoices, order forms, receipts and contracts, and in a notice at the Fitness Facility, as required in the Operations Manual. Franchisee agrees to display the Licensed Marks prominently and in the manner prescribed by Franchisor; and

(3) Franchisee must comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

D. RESTRICTIONS ON INTERNET AND WEBSITE USE

Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. Franchisee has the right to access Franchisor's website. However, except as Franchisor may authorize in writing, in Franchisor's sole discretion, Franchisee shall not in any way: (i) link or frame Franchisor's website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with Franchisee's franchise.

Franchisor has registered the domain name "cityrow.com". Franchisee acknowledges that Franchisor is the lawful and sole owner of the domain name "cityrow.com" which domain name incorporates Franchisor's trademark CITYROW®. Franchisee agrees not to register the trademark CITYROW® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

E. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge or claim. Franchisor and/or its licensor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. Franchisee agrees to execute all documents, render assistance and do all that may be necessary or advisable to protect and maintain the interests of Franchisor and/or its licensor in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor and/or its licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding.

F. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which he is held liable in any proceeding brought by a third-party in which Franchisee's use of any Licensed Mark is held to constitute trademark infringement, unfair competition, or dilution, and for all costs Franchisee reasonably incurs in the defense of any claim brought against him or in any proceeding in which he is named as a party, provided that Franchisee timely notifies Franchisor of the claim or proceeding and has otherwise complied with this Agreement and that Franchisor has the right to defend any claim. If Franchisor defends the claim, Franchisor has no obligation to indemnify or reimburse Franchisee with

respect to any fees or disbursements of any attorney retained by Franchisee.

At any time in Franchisor's sole discretion it becomes advisable for Franchisor and/or Franchisee to modify or discontinue use of any Licensed Mark, and/or use one (1) or more additional or substitute trademarks or service marks, Franchisee agrees to comply within a reasonable time after notice by Franchisor. Any substitution or change in the Licensed Marks shall not be effective as to Franchisee, until such change is made in Franchisor's Fitness Facilities. The sole liability and obligation of Franchisor in any event is to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

G. NON-EXCLUSIVE RIGHTS

The right and license to the use of the Licensed Marks granted to Franchisee is non-exclusive and Franchisor has and retains the following rights: (i) to grant other licenses for use of the Licensed Marks except as prohibited in Section 2 of this Agreement; and (ii) to engage in the use and licensing for distribution and sale of the Licensed Marks for utilization on products as Franchisor may develop or use.

8. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the following services:

A. Provide on loan to Franchisee, layout and design plans and specifications for a Fitness Facility. Franchisee acknowledges that Franchisee must obtain architectural, engineering and design services from firms selected by Franchisee to develop the Fitness Facility at Franchisee's expense;

B. Provide on loan to Franchisee one (1) set of the confidential Operations Manual and other written materials as Franchisor develops for use in the operation of a Fitness Facility;

C. Provide advice and consult with Franchisee periodically in connection with the operation of the Fitness Facility. Franchisor may provide the foregoing information by visiting the Fitness Facility, by providing written materials, electronic transmissions, or at meetings or seminars, at training sessions, at Franchisor's Fitness Facility, and/or such other locations as may be selected by Franchisor;

D. Provide certain marketing materials and information developed by Franchisor for use by Franchisee in the operation of the Fitness Facility;

E. Provide a list of approved suppliers to Franchisee and continue to evaluate approved supplier performance and product quality; and

F. Conduct an initial training program for Franchisee and the Manager of the Fitness Facility.

9. CONFIDENTIAL INFORMATION

A. Franchisor possesses certain confidential information consisting of the methods, techniques, formats, Specifications, training, marketing and public relations methods, programming and format of the fitness classes, service methods, data collected from the point of sale system, systems and knowledge in the operation of CITYROW Fitness Facility (the "Confidential Information"). Franchisee acknowledges that this Confidential Information, which includes, but is not limited to, that contained in the Operations Manual, is not generally known in the industry and is beyond the present skill and experience of Franchisee and that to develop it would be expensive, time consuming and difficult. Franchisor discloses the Confidential Information to Franchisee in the training programs, Operations Manual and in guidance furnished to Franchisee. Franchisee acknowledges that the Confidential Information provides a competitive

advantage and will be valuable to Franchisee. Accordingly, Franchisee agrees that the Confidential Information, as described above, which may or may not be "trade secrets" under prevailing judicial interpretations or statutes, is private and valuable and does constitute trade secrets belonging to Franchisor. Franchisee acknowledges and agrees that all customer lists and any related information, together with any and all data associated therewith (the "Customer List"), is property of the Franchisor and is included in the definition of the Confidential Information.

B. To protect the reputation and goodwill of Franchisor and the System and to maintain high standards of operation under the Licensed Marks, Franchisee agrees to conduct its business in accordance with the Operations Manual, with other written directives from Franchisor, which Franchisor may issue to Franchisee and which may or may not be made part of the Operations Manual, and other manuals, electronic transmissions, publications and materials created or approved for use in the operation of the franchised business.

C. Franchisee shall at all times treat the Operations Manual and any other manuals and materials created for or approved for use and the information contained therein as confidential and shall maintain all information as trade secrets and confidential. Franchisee may divulge and make this material available only to those of Franchisee's employees who must have access to it in order to operate the Fitness Facility. Except as is reasonably necessary to conduct the business of the Fitness Facility, Franchisee shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person, without the prior written consent of Franchisor.

D. The Operations Manual, written directives, other manuals and materials, and any other Confidential Information provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall be kept in a secure place at the Fitness Facility, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

E. Franchisor may revise the contents of the Operations Manual and the contents of any other manuals created or approved for use in the operation of the Fitness Facility. Franchisee expressly agrees to comply with each new or changed standard.

F. Franchisee acknowledges and agrees that during and after the term of this Agreement, Franchisee, its owners and employees will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Fitness Facility during the term of this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does agree, that he will:

(1) not use the Confidential Information in any other business or capacity;

(2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(3) not make unauthorized copies of any portion of the Confidential Information disclosed in written form;

(4) adopt and implement all reasonable procedures Franchisor prescribes to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Fitness Facility and the use of nondisclosure and noncompetition clauses in employment

agreements with persons; and

(5) sign a Confidentiality Agreement and will require all managers to sign such an agreement in a form approved by Franchisor (see Exhibit B).

G. The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to (i) information, processes or techniques which are or become generally known in the fitness industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee; or (ii) disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose information, provided Franchisee has used its best efforts, and has afforded Franchisor the opportunity, to obtain an appropriate protective order or other insurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed.

H. Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, disclose or use to the benefit of any other person, persons, partnership, association, limited liability company or corporation, any Confidential Information, trade secrets, knowledge or know-how concerning the method of operation of the Fitness Facility which may be communicated to Franchisee or of which they may be approved by virtue of Franchisee's operation of the Fitness Facility under the terms of this Agreement. Any and all information, trade secrets, knowledge, know-how, techniques and any materials used in or related to the System, which Franchisor provides to Franchisee in connection with this Agreement and which are identified by Franchisor in writing to be confidential, shall be deemed confidential for purposes of this Agreement.

I. If Franchisee or the Principals develop any new concept, process, product, training or fitness class, or improvement to the operation or promotion of the Fitness Facility, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information and assign Franchisor all rights and interests thereto, without compensation. Franchisee and the Principals acknowledge that any concept, process, product, or improvement becomes the property of Franchisor either as a "work made-for-hire" or otherwise, and Franchisor may use or disclose that information to other franchisees as it determines to be appropriate. In the event the concept, process, product or improvement becomes a part of the System, Franchisor will reimburse Franchisee for its reasonable out-of-pocket expenses incurred in its development.

10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. The parties understand and agree that this Agreement does not create a fiduciary relationship between them, that Franchisor and Franchisee are independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturers, partner, employee or servant of the other for any purpose. None of Franchisee's employees will be considered as Franchisor's employees. Neither Franchisor nor any of its employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed, to be Franchisor's employee for any purpose. Franchisor will not have the power or authority to hire or fire Franchisee's employees. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of its Fitness Facility. Franchisee further acknowledges and agrees that the requirements, restrictions, Specifications, recommendations and procedures of the System, do not directly or indirectly suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Fitness Facility, which Franchisee alone controls.

B. Franchisee must conspicuously identify himself at the Premises of the Fitness Facility and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the

Fitness Facility under a franchise from Franchisor, and must place other notices of independent ownership on signs, forms, membership contracts, employment agreements, stationery, advertising and other materials as Franchisor requires.

C. Franchisor has not authorized or empowered Franchisee to use the Licensed Marks, except as provided by this Agreement. Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Franchisor, or employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness or obligation of Franchisee.

D. Neither Franchisor nor Franchisee may make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and franchisee, and neither Franchisor nor Franchisee are obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized, nor is Franchisor obligated for any damages to any person or property directly or indirectly arising out of the operation of the Fitness Facility, whether or not caused by Franchisee's negligent or willful action or failure to act.

E. Franchisor has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Fitness Facility or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

F. Franchisee and each of the Principals must, at their sole cost and at all times, indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its affiliate and its subsidiaries, its successors and assigns and the officers, directors, managers, shareholders, partners, agents, representatives, independent contractors, attorneys, servants and employees of each of them (the "Indemnitees,") from all losses and expenses and for any liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Fitness Facility, unless the loss, liability or damage is solely due to Franchisor's gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence to Franchisee) and such indemnification shall include all such amounts incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal) or settlement which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any Licensed Mark owned by Franchisor (except the right to use the Licensed Marks, any copyrights or any other proprietary information granted pursuant to this Agreement);

(2) Libel, slander or any other form of defamation of Franchisor, the System or any franchisee operating under the System, by Franchisee or by any of the Principals;

(3) The violation or breach of any warranty, representation, agreement or obligation in this Agreement or any other agreement between Franchisee or its affiliate and Franchisor or its affiliate, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them; or

(4) Intentional acts and unintentional acts, errors or omissions of Franchisee, or of Franchisee's affiliate or of any of the Principals or the officers, directors, shareholders, partners, agents, representatives, independent contractors or employees of each of them in connection with the establishment or the operation of the Fitness Facility, including, without limitation, acts or claims of discrimination of any nature.

Franchisee and each of the Principals agree to give Franchisor prompt notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim by any Indemnitee within five (5) days of actual or constructive notice of it to Franchisee. At the expense and risk of Franchisee and each of the Principals, Franchisor may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, inquiry or investigation. An undertaking by Franchisor, does not diminishes the obligation of Franchisee and each of the Principals to indemnify Franchisor and the other Indemnitees and to hold Franchisor and them harmless.

All losses and expenses incurred under this Section 10 shall be chargeable to and paid by Franchisee and any of the Principals pursuant to its obligations of indemnity under this Section 10, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent defense or failure of these actions, activity, or defense. The phrase "losses and expenses" includes, without limitation, all losses, claims, liabilities, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' and experts' fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, cost of or resulting from delays, financing, cost of advertising material and media time, and cost of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by Franchisee, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of the actions, activity or defense.

Under no circumstances is the Franchisor required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of the Principals. Franchisee and each of the Principals agree that Franchisor's failure to pursue recovery or mitigate their loss in no way reduces the amounts recoverable from Franchisee or any of the Principals; and

Franchisee and the Principals expressly agree that the terms of this Section 10 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

G. Franchisor agrees to indemnify and hold Franchisee harmless against, and to reimburse him for, any loss, liability or damage (actual or consequential) and all reasonable costs and expenses of defending any claim brought against Franchisee or any action which Franchisee is named as a party (including reasonable accountants', attorneys' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses) which Franchisee may suffer, sustain or incur solely by reason of, arising from or in connection with the gross negligence of Franchisor (or its affiliate) in the operation of the Fitness Facility and which was the direct cause of the loss, liability or damage.

11. FRANCHISE FEES

A. INITIAL FRANCHISE FEE

Franchisee must pay Franchisor an Initial Franchise Fee equal to $49,500, which must be paid to Franchisor at the time of signing the Franchise Agreement. Franchisor will reduce the Initial Franchise Fee to $33,166 per Franchise Agreement if Franchisee contemporaneously signs Franchise Agreements for

three or four Fitness Facilities or the Developer commits to develop three or four Fitness Facilities under the terms of the Area Development Agreement. The initial franchise fee is reduced to $29,900 per Franchise Agreement if Franchisee contemporaneously signs Franchise Agreements for five or more Fitness Facilities or the Developer commits to develop five or more Fitness Facilities under the terms of the Area Development Agreement. Franchisee is prohibited from opening a Fitness Facility until the Initial Franchise Fee for that Fitness Facility has been paid by Franchisee to Franchisor. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement and is not refundable under any circumstance. The parties agree that the Initial Franchise Fee is intended to allow Franchisor to recover a portion of its costs to help Franchisee develop the Fitness Facility prior to opening.

B. ROYALTY FEE

Franchisee shall pay Franchisor, on a weekly basis, a continuing non-refundable royalty fee (the "Royalty Fee") equal to seven percent (7%) of the Fitness Facility's Gross Revenue (as defined below) for the previous week The Royalty Fee must be paid by Electronic Funds Transfer or by the approved supplier of Franchisee's point of sale system. Franchisee acknowledges, agrees and authorizes the approved supplier of Franchisee's point-of-sale system which provides third party billing payments by electronic fund transfers, and Fitness Facility management software, to deduct from the Gross Revenue due Franchisee the Royalty Fee and Marketing Fund Contribution due Franchisor. Franchisor may require Franchisee to pay the Royalty Fee and the Marketing Fund Contribution by Electronic Funds Transfer upon thirty (30) days written notice from Franchisor, and in such event, Franchisee agrees to execute Exhibit F to this Agreement or such other documents as Franchisor may require to cause an electronic funds transfer for payment of the Royalty Fee. Each Royalty Fee payment must be accompanied or preceded by a weekly report itemizing the Gross Revenue and any other reports required under this Agreement. The Gross Revenue report must be e-mailed to Franchisor weekly or by such other method of delivery as Franchisor reasonably directs, in the form and format required by Franchisor, in its sole and absolute discretion The parties agree that the Royalty Fee is intended to compensate Franchisor for Franchisee's right to use the System and the Licensed Marks in accordance with the terms of this Agreement.

C. DEFINITION OF GROSS REVENUE

The term "Gross Revenue" means the aggregate amount of all sales of services, classes, memberships, goods, articles and any other merchandise or service, and the aggregate of all charges for services (including service charges in lieu of gratuity), whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Fitness Facility or received as a consequence of the use of the Licensed Marks or other aspects of the System, including off-Premises sales and moneys derived at or away from the Fitness Facility, provided they are in connection with the business conducted under this Agreement. Gross Revenue does not include employee discounts or other discounts. The term Gross Revenue does not include any federal, state, municipal or other sales, value added or retailer's excise taxes paid or accrued by Franchisee. The term Gross Revenue shall not include adjustments for refunds or net returns on salable goods or services, and discounts allowed to customers on sales, but must not be modified for uncollected accounts.

D. ROYALTY FEE REPORTS

Each Royalty Fee payment must be paid by Electronic Funds Transfer and must be accompanied by or preceded by a Royalty Fee report itemizing the Gross Revenue for the preceding week. Franchisee must provide Franchisor with the Royalty Fee report by e-mail by Tuesday of each week or by such other method of delivery as Franchisor reasonably directs, in the form and format required by Franchisor, in its sole and absolute discretion.

E. ELECTRONIC FUNDS TRANSFER

Franchisee is required to sign and agrees to sign and deliver to Franchisor appropriate Electronic Funds Transfer Pre-Authorization Draft Forms drawn upon Franchisee's checking account, as required by Franchisor, in its sole discretion. Franchisee agrees to pay the Royalty Fee and all other fees to Franchisor by Electronic Funds Transfer upon thirty (30) days written notice from Franchisor. Franchisee agrees to pay all contributions to the Marketing Fund, and all contributions to an advertising cooperative all interest, late fees and other charges that Franchisee owes under this Agreement by Electronic Funds Transfer to Franchisor. In the event the request for Electronic Funds Transfer fails for any reason whatsoever, Franchisee agrees to immediately pay Franchisor any fees and money due Franchisor.

F. TECHNOLOGY FEE

Franchisee shall pay Franchisor its then-current monthly technology fee which is currently $99 per month, commencing upon the execution of this Agreement, which is due and payable on or before the tenth (10th) day of each month. Franchisor reserves the right to adjust the Technology Fee from time to time as set forth in the Operations Manual, and Franchisee must pay the adjusted Technology Fee within thirty (30) days after Franchisor notifies Franchisee of the rate adjustment.

G. MUSIC LICENSING FEE

If required by Franchisor, Franchisee must acquire licensing rights from the music vendor specified by Franchisor and pay periodic licensing fees to such vendor on a timely basis and otherwise maintain such licensing rights. Failure to obtain and maintain such licensing rights if required by Franchisor is a material breach of this Agreement.

H. STANDARD INITIAL PACKAGE

Franchisee shall purchase from Franchisor a standard initial package (the "Standard Initial Package") of equipment, products and materials that will contain the items set forth on Exhibit E. The purchase price for the Standard Initial Package will range from $40,000 to $50,000, depending on the square footage of Franchisee's Fitness Facility, and the extent of the equipment required for your Fitness Facility. Franchisor reserves the right to grant variances to the Standard Initial Package depending on the layout of Franchisee's Fitness Facility. Franchisee shall pay to Franchisor an initial payment of $30,000 within 30 days after Franchisor approves Franchisee's site and shall pay the remaining balance for the cost of the Standard Initial Package to Franchisor before the Standard Initial Package is shipped to Franchisee. Franchisor reserves the right to collect sales taxes due upon the sale of the Standard Initial Package and to charge Franchisee for any costs incurred by Franchisor for delivery of the Standard Initial Package.

I. INITIAL TRAINER TRAINING FEE; SUBSEQUENT TRAINER TRAINING FEE

Franchisee must pay a trainer training fee of $995 ("Initial Trainer Training Fee") to prior to Franchisor conducting Initial Trainer Training for Franchisee. Franchisee is responsible for the costs of travel and lodging expenses of its employees in connection with such training. Should Franchisor elect to do conduct a such Initial Trainer Training at Franchisees Fitness Facility, Franchisee must pay Franchisor the Initial Trainer Training Fee plus all out of pocket costs incurred by Franchisor for travel and lodging of the approved trainer who provides the training services. After Initial Trainer Training, any subsequent trainer training ("Subsequent Trainer Training") shall require the payment of the then-current Subsequent Trainer Training Fee which is currently $300 per person and shall not exceed $1,000 per person.

Both the Initial Trainer Training Fee and Subsequent Trainer Training fee will be due and payable

30 days prior to such services being provided to Franchisee.

J. INITIAL TRAINING FEE

Franchisee must pay Franchisor a one-time initial training fee in the amount of $995 for initial classroom training of the Franchisee and one general manager. This fee will be due and payable prior to the initial training.

K. INTEREST ON LATE PAYMENTS

All Royalty Fees and Marketing Fund Contributions and all other amounts which Franchisee owes to Franchisor or its affiliate shall bear interest after the applicable due date at the greater of: (1) one-and-one-half percent (1½%) per month; or (2) an annual interest rate of three percent (3%) in excess of the Prime Rate (as defined below) announced by Chase Manhattan Bank of New York, N.Y. "Prime Rate" means the per annum interest rate for ninety (90) day unsecured commercial loans to large corporate customers of the highest credit standing. The interest rate must not exceed the highest applicable legal rate for open account business credit in the state in which the Fitness Facility is located.

Franchisee acknowledges that this Paragraph G does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Fitness Facility. Further, Franchisee acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 19.

L. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisor to Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or its affiliate, interest or any other indebtedness of Franchisee to Franchisor or its affiliate. If Franchisor requires Franchisee to acquire and utilize an electronic cash register system, then if a cash shortage occurs (as defined in the Operations Manual) the amount of Gross Revenue shall be determined based on the records of the electronic cash register system or point of sale system and any cash shortage must not be considered in the determination.

M. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that he will not withhold payment of any Royalty Fee, Marketing Fund Contribution or any other amount due Franchisor and that the alleged non-performance or breach of any of Franchisor's obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due Franchisor for Royalty Fees, Marketing Fund Contributions or any other amounts due to Franchisor or its affiliate.

12. FITNESS FACILITY IMAGE AND OPERATING STANDARDS

A. MAINTAINING UNIFORMITY

Franchisee agrees to offer membership services, fitness classes, products, supplements, equipment, products, and other services as required by Franchisor consistent with the image of a CITYROW Fitness Facility. Franchisee agrees to maintain uniformity among all of the CITYROW Fitness Facilities and agrees to comply with all Specifications.

Franchisor reserves the right at any time and from to time to establish maximum, minimum and

other pricing requirements on prices Franchisee may charge for memberships, products or services to the fullest extent allowed under applicable law, as provided in Section 14, paragraph E of this Agreement. If Franchisee elects to sell memberships, or any products, services, or merchandise at any price required or recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that the required or recommended price will enhance Franchisee's sales or profits.

In the Fitness Facility, Franchisee will honor memberships sold by other franchisees or by an affiliate of the Franchisor and will welcome and allow members of other CITYROW Fitness Facilities to participate in fitness classes and to utilize all of the equipment and benefits of the Fitness Facility without additional charge.

Franchisee acknowledges and agrees that it is in the best interests of Franchisee and the System to maintain uniformity of membership fees throughout the System.

Franchisee agrees that it is important to maintain uniformity among all CITYROW Fitness Facilities and agrees to comply with all Specifications. These system standards are set forth in the Operations Manual and other written policies that Franchisor may release from time to time. Depending on the nature of the system's standard, Franchisor may establish requirements, procedures, or guidelines to assist Franchisee in meeting or complying with the standard.

B. CONDITION AND APPEARANCE OF FITNESS FACILITY /REBUILDING OF FITNESS FACILITY`

To assure the continued success of the Fitness Facility:

(1) Franchisee must maintain the Fitness Facility in a high degree of repair, appearance, condition and sanitation, and must make any additions, alterations, repairs and replacements (but no others without Franchisor's written consent) for that purpose including, without limitation, periodic repainting or replacement of obsolete signs, furnishings, equipment (including fitness, electronic cash register or computer hardware and software systems), and decor and merchandising as Franchisor reasonably directs.

(2) Franchisee must, upon the request of Franchisor, make other improvements to modernize and upgrade the Fitness Facility Premises, fitness equipment, electronic cash register or computer hardware and software systems, signs, interior and exterior decor items, fixtures, equipment, furnishings, supplies and other products required for the operation of the Fitness Facility, to the Specifications. There are no limitations on the frequency and cost of the upgrading or updating of the computer hardware or software to comply with the Specifications. Franchisee agrees that it will make capital improvements or modifications required to comply with the need to modernize and upgrade, if Franchisor requests same at any time during the term of this Agreement taking into consideration the length of time remaining on the lease and the age and scope of recent Franchisee remodeling. If Franchisee is within twelve (12) months of the end of the current lease term of the Premises and Franchisee plans to relocate the Fitness Facility at the end of such lease term in accordance with Section 5.C. of this Agreement, Franchisee may defer its obligations to make upgrades and changes until such time as Franchisee relocates to the new location for the Fitness Facility. Franchisor will not impose any new or modified standard and specification requiring structural changes, remodeling or renovation of the Fitness Facility more frequently than once every two (2) years.

C. REMEDIES FOR NONCOMPLIANCE WITH APPEARANCE OF FITNESS FACILITY

If Franchisee fails or refuses to initiate within ten (10) days after receipt of notice, and to continue

in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing that in Franchisor's sole discretion will have a negative impact upon the goodwill associated with the Licensed Marks and/or the System, then Franchisor has the right, but is not obligated, to enter upon the Premises of the Fitness Facility and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

D. DAMAGE CAUSED BY CASUALTY

If the Fitness Facility is damaged or destroyed by fire or any other casualty, Franchisee must, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, in order to restore the Premises of the Fitness Facility to its original condition before the casualty. If Franchisee demonstrates that it is diligently pursuing insurance claims related to such damage, Franchisor may grant an extension to such time period. If, in Franchisor's reasonable judgment, the damage or destruction is of a nature or to an extent that it is feasible for Franchisee to repair or reconstruct the Premises of the Fitness Facility in conformance with the then-standard Specifications required by Franchisor without incurring substantial additional costs, Franchisor may require Franchisee, by giving written notice, to repair or reconstruct the Premises of the Fitness Facility in conformance with the then-standard Specifications required by Franchisor.

E. ALTERATIONS TO THE FITNESS FACILITY

Franchisee must make no material alterations to the Premises or appearance of the Fitness Facility, nor make any unapproved additions or replacements of, or material alterations to, the fixtures, equipment, furniture or signs of the Fitness Facility without prior written approval by Franchisor. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to the Fitness Facility not previously approved by Franchisor or contrary to the Specifications. Franchisor will provide written notice to Franchisee and grant Franchisee a reasonable period of time to rectify and correct the material alteration before Franchisor makes the correction.

Franchisee will not be permitted to place any fitness equipment or video or electronic games or other types of games or electronic equipment on the Premises of the Fitness Facility without the express written permission of Franchisor.

F. OPERATING STANDARDS AND SPECIFICATIONS

To ensure that the highest degree of quality and service is maintained, Franchisee must use its best efforts to operate the Fitness Facility in strict conformity with the methods and Specifications of Franchisor as set forth in the Operations Manual and as Franchisor may otherwise reasonably prescribe in writings. Franchisee further agrees:

(1) to designate and retain at all times one general manager and assistant manager who shall devote full time and best efforts to the supervision and management of the Fitness Facility, who each has attended and successfully completed the training requirements of the Franchisor and who consistently demonstrate their abilities to satisfy the performance requirements of their positions;

(2) to install and maintain all fitness equipment and all computer systems, as specified in the Operations Manual, which permits Franchisor to access and retrieve by telecommunication any information stored on the computer system or other computer hardware and software at the times and in the manner Franchisor requests;

(3) to permit Franchisor to inspect the Fitness Facility and to monitor electronically

(at all times) information concerning the Fitness Facility, Gross Revenue and such other information Franchisor prescribes. Franchisee must obtain and maintain Internet access or other means of electronic communication as Franchisor specifies so that Franchisor shall have telephone access as provided at times and in the manner Franchisor specifies; and

(4) to acquire or license software programs that will enable Franchisor to track member sales, class scheduling, product sales and compile sales data from the Fitness Facility.

G. PRODUCTS AND SERVICES OFFERED FOR SALE

Franchisee acknowledges and agrees that (A) the products and services offered for sale in CITYROW Fitness Facilities must be maintained uniformly throughout the System, (B) the fitness classes are, in the mind of the public, interrelated with the Licensed Marks, and (C) the reputation and goodwill of all CITYROW Fitness Facilities is based upon and can be maintained only by maintaining uniform products and services throughout the System, and Franchisee further agrees:

(1) that Franchisor has the right to change, add to or delete the format of products, fitness classes and the services which have been approved for use or sale in CITYROW Fitness Facilities and Franchisee will comply with any such change, addition or deletion;

(2) to sell and offer for sale only the fitness classes, products, equipment, clothing, gear, supplements and products and services, and other products and services, which Franchisor has approved, as set forth in the Operations Manual or otherwise approves in writing, in strict compliance with the methods, format, manner and style Franchisor prescribes;

(3) to offer a minimum schedule of fitness classes and maintain the required inventory of fitness equipment and supply of all equipment, supplies and services and other approved products that comply with the Specifications, sufficient in quantity and variety to realize the full potential of the Fitness Facility; and

(4) to permit Franchisor or its agents, at any reasonable time, to monitor fitness classes and the operations of the Fitness Facility.

H. MARKET RESEARCH/TESTING

Franchisor may conduct market research and testing to determine consumer trends and the salability of new fitness classes, products and services. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing new fitness classes and products and services in the Fitness Facility. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding this market research. Franchisee agrees to purchase a reasonable quantity of the tested services and products and effectively promote and make a reasonable effort to sell the products and/or services.

I. DESIGNATED ITEMS AND APPROVED SUPPLIERS; ALTERNATIVES

Franchisor will publish in the Operations Manual and in other written or electronic communications, the Specifications (including brand specifications and brand identity) for the products, services and equipment, including, without limitation, for types of Trade Dress, fixtures, fitness equipment, other equipment (including cash registers, point of sale system, and computer hardware and software systems), other products, supplies, furniture, chairs, tables, artwork, pictures, signs, services, marketing services, gift card programs and other items (the "Designated Items") to be used in the operation of

CITYROW Fitness Facilities. Franchisee must comply with the Specifications and only use those Designated Items. Franchisee is restricted to and must purchase the Designated Items and other products and supplies and the point of sale system from approved suppliers designated by Franchisor, which may be restricted to Franchisor or its affiliate. Any products or services provided to Franchisee by Franchisor or its affiliate may be sold at prices that exceed Franchisor's costs. Franchisee must purchase, market and sell CITYROW® products identified by the Licensed Marks only from an approved supplier designated by Franchisor. Franchisor does not make any express or implied warranty on such products.

Franchisor has the absolute right to limit the suppliers with whom Franchisee may purchase or lease Designated Items. Franchisor may restrict the sources of products and services and other items now and in the future in order to assure quality, assure a reliable source of products and services that meet Franchisor's standards, achieve desirable terms of purchase and delivery and control the use of the Licensed Marks.

Franchisee is required to purchase management services for Franchisee's website, Facebook® and other on-line marketing from a supplier approved by Franchisor.

Franchisor may receive revenue or other consideration from approved suppliers based on the purchase or lease of such products and services by franchisees from the approved suppliers, and Franchisor may use the amounts received for any purpose. Franchisor may modify the list of approved Designated Items and suppliers at any time in its sole discretion, and Franchisee must not, after receiving a revised list of Designated Items and approved suppliers, make any order of a Designated Item or from a supplier, which is no longer approved. Franchisee must not obtain any Designated Item from any supplier until and unless Franchisor approves that supplier in writing.

If Franchisee proposes to either (1) obtain any Designated Item or (2) use any supplier which has not already approved by Franchisor, Franchisee must submit a written request for approval to Franchisor with sufficient information and samples so Franchisor can determinate whether such alternative complies with the Specifications and any other criteria. Franchisee acknowledges and agrees that Franchisor is not required to approve any alternative item or supplier proposed by Franchisee. As part of the evaluation of the proposed item or supplier, Franchisor may require that its representatives be permitted to inspect an alternative supplier's facilities and that samples from those facilities be delivered to Franchisor or an independent laboratory for testing. Franchisee (or the supplier proposed by Franchisee) must pay Franchisor for the costs of inspection and testing and any other related costs for the evaluation of the proposed item or supplier. Within sixty (60) days of the completion of the inspection, testing and any related evaluation, Franchisor will notify Franchisee whether or not the proposed item or supplier is approved. Franchisor reserves the right to further inspect facilities and products of any approved supplier at any time and to revoke Franchisor's approval if the supplier fails to continue to meet the Specifications. Franchisor may also (1) prescribe additional procedures for the submission of requests for approval, (2) impose conditions or obligations upon any approved supplier and (3) impose limits on the number of brands or suppliers for any product or service used in the operation of the Fitness Facility.

J. STANDARDS OF SERVICE

Franchisee must at all times give prompt, courteous and efficient service to its customers. The Fitness Facility must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must maintain a competent, conscientious, trained staff and take steps necessary to ensure that its employees preserve good customer relations and comply with Franchisor's uniform standards.

K. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Fitness Facility and shall operate the Fitness Facility in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation laws and regulations and all government regulations pertaining to (i) licensing and certification; (ii) contract terms and prohibitions; (iii) occupational hazards and health; (iv) handling, storage, and disposal of chemicals and other materials of a similar nature; (v) the Occupational Safety and Health Act; (vi) environmental matters; (vii) workers' compensation; (viii) insurance; (ix) unemployment insurance and withholding; and (x) payment of federal and state income taxes, Social Security taxes and sales taxes;

(2) Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental entity which may adversely affect the operation or financial condition of Franchisee or the Fitness Facility; and

(3) All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice or personal conduct which may be injurious to the business of Franchisor and the goodwill associated with the Licensed Marks and other CITYROW Fitness Facilities.

L. MANAGEMENT OF THE FITNESS FACILITY/CONFLICTING INTERESTS

(1) The Fitness Facility should at all times be under the direct, day-to-day, full-time supervision of Franchisee, or a Representative or a general manager who has satisfactorily completed Franchisor's training program and has been approved by Franchisor. If a general manager supervises the Fitness Facility, Franchisee or the Representative must remain active in overseeing the operations of the Fitness Facility conducted under the supervision of the general manager. The general manager must attend all meetings scheduled and conducted by Franchisor for the purpose of further training, educating or informing the individuals supervising the Fitness Facilities in the System. Franchisee must notify Franchisor immediately if the general manager of the Fitness Facility resigns or is terminated and must notify Franchisor once a replacement general manager is designated by Franchisee. All Replacement Managers must have also satisfactorily complete Franchisor's training program and be approved by Franchisor.

(2) Franchisee should designate and retain at all times at least one (1) assistant manager to assist in the operation and management of the Fitness Facility who satisfies Franchisor's educational and business criteria as established in the Operations Manual and complete, to Franchisor's satisfaction, the training program.

(3) Franchisee should at all times faithfully, honestly and diligently perform its obligations and continuously exert best efforts to promote and enhance the business of the Fitness Facility. The person who is responsible for the day-to-day supervision of the Fitness Facility must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise conflicts with Franchisee's obligations.

(4) If at any time the Fitness Facility is not being managed by Franchisee (or, if Franchisee is a partnership, corporation or a limited liability company, the managing partner, shareholder or managing member) or an approved manager who satisfactorily completes Franchisor's training program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Facility for and on behalf of Franchisee. Franchisor's appointment of a manager of the Fitness

Facility does not relieve Franchisee of his obligations or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 19. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operation of the Fitness Facility or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Fitness Facility while it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time. Franchisor's appointment of a manager to maintain the operations of the Fitness Facility for and on behalf of Franchisee pursuant to the terms of this paragraph will end at the earlier of one hundred eighty (180) days from the date of such appointment or at such time as Franchisee has appointed an approved manager who has satisfactorily completed Franchisor's training program.

13. INSURANCE

A. Franchisee must procure and maintain in full force at all times during the term of this Agreement, at Franchisee's expense, on a primary, rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee and Franchisor, as named insureds, and Franchisor's affiliate, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor's 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 Fitness Facility.

B. The policy or policies must be written by a responsible carrier or carriers reasonably acceptable to Franchisor and must name Franchisor as an insured, and must include minimum coverage in accordance with the Specifications established by Franchisor from time to time in the Operations Manual.

C. All public liability and property damage policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

D. Before Franchisee executes a lease for the Premises or acquires the Premises by purchase, Franchisee must deliver or cause to be delivered to Franchisor, a copy of the Certificate of Insurance in compliance with these requirements. All insurance policies required must expressly provide that no less than thirty (30) days' prior to a material alteration or cancellation of the policies, written notice shall be given to Franchisor.

E. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as these requirements may be revised by Franchisor in writing, Franchisor has the right and authority (without, however, any obligation to do so) to immediately procure insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies are in addition to any other remedies Franchisor may have at law or in equity.

F. Franchisor may upon written notice to Franchisee increase the minimum coverage of insurance and Franchisee must obtain and thereafter maintain such insurance at the increased level of coverage.

14. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor will develop and administer advertising, public relations and sales promotion programs

designed to promote and enhance the collective success of all Fitness Facilities in the System. It is expressly understood, acknowledged and agreed that in all phases of such advertising and promotion, including, without limitation, type, quantity, timing, placement and choice of media, market areas, selection of advertising agencies and public relations firms, Franchisor's decision shall be final and binding. Franchisee will be required to participate actively in such advertising, public relations and sales promotion programs, but only in full and complete compliance with such terms and conditions as may be established by Franchisor for each program.

A. NATIONAL MARKETING FUND

Franchisor reserves the right to initiate, maintain, and administer a national marketing fund (the "Marketing Fund"). If established, the following provisions shall apply thereto:

Franchisor will direct all Marketing Fund programs with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all advertising, marketing and public relations materials. Franchisor has the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of advertising, marketing and public relations programs. The Marketing Fund's programs and activities are intended to maximize public awareness of all Fitness Facilities and of the Licensed Marks, and Franchisor is under no obligation to ensure that Franchisee or any other franchisee benefits directly or proportionately from the placement of such advertising, marketing and public relations programs and activities in relationship to Franchisee's contribution to the Marketing Fund.

The Marketing Fund may be used to meet all costs and expenses related to the following Marketing Fund programs and activities:

1. Maintaining, administering, directing and preparing national, regional or local advertising materials, programs, and public relations activities, including, without limitation, the cost of preparing and conducting television, radio, video, direct mail, magazine, billboard, newspaper, Internet, including of costs of developing and maintaining an internet website, and other media programs and activities;

2. Employing advertising agencies and utilizing Franchisor's administrative personnel to perform advertising and public relations services;

3. Developing promotional brochures and advertising materials for CITYROW Fitness Facilities for purchase by franchisees and by regional and local advertising cooperatives;

4. Conducting market research, testing and development of new fitness classes, products, services and equipment considered for CITYROW Fitness Facilities;

5. Reimbursement of Franchisor's administrative and personnel costs and overhead associated with advertising, marketing, telemarketing, public relations, market research, product development, customer satisfaction, consumer research and any expenses related thereto; and

6. For semiannual System meetings and for annual franchise convention costs.

Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year and Franchisor may make loans to the Marketing Fund. Franchisor will cause the Marketing Fund to invest the surplus for future use by the Marketing Fund.

The media in which the advertising may be disseminated includes but is not limited to print, point of purchase, radio, television, direct mail, electronic, internet, video and billboard. The media coverage may be local, regional, or national. The source of the advertising may be in-house advertising and marketing personnel, or a local advertising agency, or free-lance artist. Franchisee may utilize Franchisee's own advertising material subject to submission to us and approval by us in writing of the content (see Paragraph D. below).

Upon commencement of the Marketing Fund, Franchisee must pay Franchisor an amount not less than one percent (1%) of Gross Revenue of the Fitness Facility (the "Marketing Fund Contribution"), which must be paid weekly on the Tuesday of each week for the preceding week by Electronic Funds Transfer. Franchisee will sign the Electronic Funds Transfer Authorization (see Exhibit F) and such other forms Franchisor may require to effect electronic funds transfer. Franchisor may require Franchisee to increase the amount of contributions to the Marketing Fund. Upon written notice to Franchisee, Franchisor may increase the Marketing Fund Contribution, and Franchisee must contribute the increased percentage of Gross Revenue to the Marketing Fund, provided that Franchisee will not be required to contribute more than two percent (2%) of Gross Revenue to the Marketing Fund. If so directed by Franchisor in writing, Franchisee must increase its monthly contribution to the Marketing Fund within thirty (30) days of receiving such direction from Franchisor. Increases in the required contribution to the Marketing Fund are in Franchisor's sole discretion.

The Marketing Fund will not be used for Franchisor's general operating expenses, except for salaries, administrative costs, travel and overhead incurred by Franchisor for activities related to the administration or direction of the Marketing Fund and its program and activities as outlined above and for collecting and accounting for contributions to the Marketing Fund. Franchisor will prepare an unaudited annual report of the operations of the Marketing Fund which will be made available to Franchisee upon reasonable request of Franchisee.

The Marketing Fund is intended to be perpetual. However, Franchisor may terminate the Marketing Fund at any time in its sole discretion. In the event the Marketing Fund is terminated by Franchisor, all money paid to the Marketing Fund will be expended for the activities of the Marketing Fund.

Franchisor may make available to Franchisee for purchase by Franchisee of advertising and marketing materials, direct mail materials, merchandising materials, point of sale materials, special promotions, and similar advertising and marketing materials which may be produced by the Marketing Fund and may be purchased by Franchisee.

B. LOCAL ADVERTISING

(1) Franchisee acknowledges and agrees that to secure new customers for the Fitness Facility Franchisee must aggressively conduct, at Franchisee's expense, marketing, advertising, and promotional programs at the local level. In addition to the contributions to the Marketing Fund required above under Section 14 Paragraph A., Franchisee must spend $24,000 before the first anniversary of the date the Fitness Facility opens for business (the "First Anniversary") on local advertising and public relations activities designed to publicize the operation of the Fitness Facility in the Protected Area, $20,000 of which must be expended in connection with Franchisees grand opening; after the First Anniversary, Franchisee must spend a minimum of $1,000 per month for local advertising and public relations activities (collectively, the "Local Marketing Requirement"). Franchisor may require that Franchisee submits to Franchisor, on a monthly basis and in the format that Franchisor requires, an accurate report of Franchisee's expenditures on local marketing, advertising, and promotional programs during the preceding month for approved marketing, advertising and promotional items. If required by Franchisor, Franchisee's failure to provide such a report if required by Franchisor is a material breach of this Agreement.

(2) Through the Marketing Fund, Franchisor may furnish Franchisee approved local marketing plans and materials on the same terms and conditions as plans and materials are furnished to other franchisees of CITYROW Fitness Facilities.

(3) If the Franchisee's expenditures for local advertising activities do not equal or exceed the Local Marketing Requirement, Franchisor may require that Franchisee pay the amount of such deficiency to Franchisor for deposit in the Marketing Fund.

(4) All marketing, advertising and promotion conducted by Franchisee outside of the Protected Area must be performed in accordance with the Operations Manual or with other written communication from Franchisor unless Franchisor approves such marketing, advertising or promotion in advance.

C. REGIONAL OR LOCAL ADVERTISING COOPERATIVE

(1) Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate any geographic area in which two (2) or more CITYROW Fitness Facilities are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). The purpose of the Cooperative is to collect funds from its members and to expend such funds for the purposes of advertising, marketing and public relations of CITYROW® Fitness Facilities and its products and services within a designated geographic area. The members of the Cooperative for any area shall, at a minimum, consist of all CITYROW Fitness Facilities located within the area. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Franchisor in its sole discretion. Franchisor has the right to dissolve, merge, or change the structure of each Cooperative. Each Cooperative shall be organized for the exclusive purpose of administering advertising programs and developing, subject to Franchisor's approval, promotional and marketing materials for use by members of the Cooperative in local or regional advertising. Franchisor will determine how the Cooperative will be organized and governed. If at the time of execution of this Agreement, a Cooperative has been established for a geographic area that encompasses the Fitness Facility, or if any such cooperative is established during the term of this Agreement, Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor and shall become a member of the Cooperative pursuant to the terms of those documents. Franchisee will be required to contribute a minimum of $1,000 each month to the Cooperative, which will be credited to Franchisee's obligation to spend the Local Marketing Requirement each month on local advertising in Franchisee's market area. Contributions to the Cooperative must be paid by Franchisee to Franchisor by electronic funds transfer or as otherwise required by Franchisor.

(2) Franchisee shall submit to the Cooperative and to Franchisor such statements and reports as may be required by Franchisor or by the Cooperative. All contributions to the Cooperative shall be maintained and administered in accordance with the documents governing the Cooperative. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without the prior written approval of Franchisor.

D. APPROVAL BY FRANCHISOR

Before their use by Franchisee, samples of all local advertising and promotional materials not prepared by, or previously approved by, Franchisor must be submitted to Franchisor for approval, which shall not be unreasonably withheld. Local advertising and promotional materials prepared by Franchisee shall be prepared in compliance with the Specifications. Franchisee must not use any advertising or promotional materials that Franchisor has not approved. All advertising, promotional and marketing materials used by Franchisee must be clear and factual and must conform to the highest standards of ethical

advertising.

E. PRICING

Because enhancing the CITYROW® brand's competitive position and consumer acceptance for the CITYROW's® membership services and products is a primary goal of Franchisor and the Franchisee, and because this objective is consistent with the long term objectives of the System, Franchisor may exercise rights with respect to the pricing of services and products offered by Franchisee at its Fitness Facility to the fullest extent permitted by then-applicable law.

These rights granted Franchisor may include, without limitation: (i) prescribing the maximum and/or minimum retail prices which a Franchisee may charge customers for products and/or services offered and sold at its Fitness Facility; (ii) recommending retail prices for products and services; (iii) advertising specific retail prices for some or all products or services sold by the Franchisee at its Fitness Facility, which prices Franchisee must observe; (iv) engaging in marketing, promotional and related campaigns developed by Franchisor which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices of products or services offered at the Fitness Facility; and (v) otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Franchisee must charge for the products and services it offers at its Fitness Facility.

Franchisor may engage in any such activity outlined above, either periodically or throughout the term of this Agreement. In addition, Franchisor may engage in such activity only in selected certain geographic areas (cities, states, regions) as determined by Franchisor, and not others, or with regard to certain subsets of franchisees and not others. Franchisee specifically acknowledges and agrees that any maximum, minimum or other prices recommended or required by Franchisor may or may not optimize the revenues or profitability of the Fitness Facility and Franchisee irrevocably waives any and all claims arising from or related to Franchisor's requirement or recommendation of retail pricing of products and services offered by Franchisee at its Fitness Facility.

15. RECORDS AND REPORTS

A. Franchisee must maintain during the term of this Agreement, and must preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts including payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, in accordance with generally accepted accounting principles ("GAAP"), as applicable, and in the form and manner Franchisor prescribes in the Operations Manual or otherwise in writing. In addition, Franchisee shall retain all membership contracts for at least three (3) years from the date of their execution.

B. In addition to the reports required by Sections 11 and 15, Franchisee must comply with the following reporting obligations:

(1) At Franchisee's expense and as requested by Franchisor, submit to Franchisor, in the form Franchisor reasonably prescribes, an unaudited profit and loss statement and a balance sheet for each month for Franchisee within twenty (20) days after the end of each month during the term of this Agreement;

(2) Franchisee must, at its expense, provide to Franchisor annual financial statements (which may be unaudited) for Franchisee reviewed by an independent certified public accountant in accordance with GAAP within ninety (90) days after the end of Franchisee's fiscal year, showing the results of operations and the condition of the business. Franchisor reserves the right to require the financial statements described above to be audited by an independent certified public accountant satisfactory to

Franchisor at Franchisee's cost and expense. The annual financial statements of Franchisee must reconcile Gross Revenue per GAAP, to Gross Revenue per this Agreement; and

(3) Franchisee must timely submit to Franchisor, any other forms, reports, records, information and data as Franchisor may reasonably request.

C. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy any and all of the books and records, cash control devices, sales and income tax records and membership contracts of Franchisee relating to the Fitness Facility. Franchisee shall make such books and records available to Franchisor or its designees at the time of request and cooperate with Franchisor, its representatives and independent accountants hired by Franchisor.

D. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines in its sole discretion that disclosure is necessary or advisable, including, without limitation, disclosure to prospective franchisees or existing franchisees or to other third parties.

16. INSPECTION AND AUDITS

A. THE FRANCHISOR'S RIGHT TO INSPECT THE FITNESS FACILITY

(1) To determine whether Franchisee is complying with this Agreement, Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect the Fitness Facility. Franchisee must fully cooperate with representatives of Franchisor making any inspection. Franchisor and its employees must identify themselves as employees of the Franchisor immediately upon arrival at the Fitness Facility. Franchisee has the right to request and receive copies, within ten (10) days of departure, of all reports, transcripts, videotapes, tape recordings, photographs, and films made by any and all persons visiting the Fitness Facility in that capacity; and

(2) Franchisor's authorized representatives may enter upon the Premises of the Fitness Facility at any time during the Fitness Facility's normal business hours and at any other reasonable time, for the purpose of determining whether the business of the Fitness Facility is being conducted in accordance with the Specifications, the requirements of the Operations Manual, and the terms of this Agreement. If any inspection indicates any deficiencies, Franchisee must initiate correction or repair of the deficiency within forty-eight (48) hours after Franchisee receives a written report of a deficiency from Franchisor. If the deficiency is one that Franchisee has a right to cure under the termination provisions of this Agreement, and the deficiency cannot be cured within forty-eight (48) hours, Franchisee will not be in default if Franchisee begins the necessary correction or repairs within the forty-eight (48) hour period, and diligently pursues the work to completion. If the deficiency is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, Franchisor may, as an alternative to terminating this Agreement, require Franchisee to cease operating the effected Fitness Facility until the deficiency is corrected. If Franchisee does not cure the deficiency within the permitted time and, in the sole discretion of Franchisor, the deficiency can have a negative effect upon the goodwill associated with the Marks and the System or is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, Franchisor may make, or hire someone to make the corrections or repairs and correct the deficiency or may terminate this Agreement in accordance with Section 19. Franchisee must reimburse Franchisor, upon demand, for all the expenses, including salaries and benefits, required of Franchisor to make such repair, corrections or modifications.

B. THE FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

(1) Franchisor has the right at any time during business hours, and without prior notice

to Franchisee, to examine or audit, or cause to be examined or audited, the business records, cash control devices, list of members in the Fitness Facility, bookkeeping and accounting records, member contracts, vendor contracts, bank statements, sales and income tax records and returns and other books and records of the Fitness Facility and the books and records of any corporation, partnership, or limited liability company, which is the Franchisee. Franchisee may maintain all books, records and supporting documents at all times at the Fitness Facility Premises or at another location. Franchisee must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit; and

(2) If any examination or audit discloses an understatement of Gross Revenue, Franchisee must pay to Franchisor, within fifteen (15) days after receipt of the examination or audit report, the Royalty Fees and Marketing Fund Contributions due on the amount of the understatement, plus interest (at the rate and on the terms provided in this Agreement) from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Revenue for any month is determined by any examination or audit to be greater than two percent (2%), Franchisee must reimburse Franchisor for all costs of the audit or examination, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. The foregoing remedies are in addition to all other remedies and rights of Franchisor under applicable law.

17. TRANSFER OF INTEREST

A. BY THE FRANCHISOR

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, without the consent or approval of Franchisee. This Agreement shall inure to the benefit of, and be binding on, the successors and assigns of Franchisor.

B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its owners and the Principals and that Franchisor entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee, its owners and the Principals. Unless otherwise expressly permitted by the terms of this Agreement, any assignment, sale, conveyance, pledge, sublicense or sub-franchise arrangement or any other attempted transfer, either directly or indirectly, of (1) any interest in this Agreement, (2) any interest in the Fitness Facility, (3) any of the assets of Franchisee related to the operation of the Fitness Facility, (4) any or all of the ownership interests in Franchisee or (5) any or all of the ownership interests in Principal (including by merger or consolidation, by issuance of additional securities, by conversion, by creation of an additional interest, through a divorce proceeding, by will or transfer in trust or the laws of the intestate succession) without Franchisor's prior written approval (subject to paragraph 17.C. below) shall be void and have no effect and shall not transfer any rights to or interests in this Agreement or the Fitness Facility, and shall be deemed a material breach of this Agreement by Franchisee and the Principals

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

If Franchisee and its owners are in substantial compliance with this Agreement Franchisor shall not unreasonably withhold its approval of an assignment. The proposed assignee must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate the Fitness Facility and otherwise meet Franchisor's then-applicable standards for franchisees. Franchisor may

require that any one or more of the following conditions be met before, or concurrently with, the effective date of the assignment:

(1) All of the accrued monetary obligations of Franchisee or its parent and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement must be satisfied in a timely manner and Franchisee must satisfy all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(2) Franchisee and its parent must not be in default of any material provisions of this Agreement;

(3) The transferor and its Principals (if applicable) must execute a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliate and the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between Franchisor and Franchisee and federal, state and local laws, rules and regulations;

(4) The transferee must enter into a written assignment agreement, in a form satisfactory to Franchisor, assuming all the duties, obligations, responsibilities and accountabilities of Franchisee under this Agreement;

(5) The transferee must execute, (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement, the standard form Franchise Agreement then being offered to the new System franchisees and other ancillary agreements as Franchisor requires for the Fitness Facility which agreements supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms in this Agreement, but providing for the same Protected Area, Royalty Fee and Marketing Fund Contribution established in this Agreement; provided, however, that the transferee is not required to pay any initial franchise fee;

(6) Unless Franchisee has met the requirements of paragraph 12.B.(2) within the two year period immediately preceding the transfer, Franchisee, at Franchisee's expense, must remodel, renovate, modernize and otherwise upgrade the Fitness Facility to conform to the then-current Specifications and must complete the upgrading and other requirements within the time period Franchisor reasonably specifies subject to the other terms and conditions of this Agreement;

(7) The transferor remains liable for all of the obligations to Franchisor in connection to the Fitness Facility incurred before the effective date of the transfer and must execute any and all instruments Franchisor reasonably requests to evidence that liability;

(8) At the transferee's expense, the transferee, the transferee's Representative, all managers and/or any other applicable Fitness Facility personnel must complete any training programs then in effect for franchisees of CITYROW Fitness Facilities upon terms and conditions Franchisor reasonably requires;

(9) Subject to Section 17.E., Franchisee must pay a transfer fee equal to $5,000 on or before the date of closing of the transfer (the "Transfer Fee");

(10) Franchisor approves the material terms and conditions of the assignment and determines in its reasonable discretion that the price and terms of payment are not so burdensome as to materially affect the future operations of the Fitness Facility by the transferee;

(11) Franchisee must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment; and

(12) Franchisee (and each of its owners, members, or partners, if Franchisee is a corporation, limited liability company or partnership) has executed a non-competition covenant in favor of the Franchisor and the assignee, agreeing that for a minimum period of two (2) years, commencing on the effective date of the assignment, he will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any fitness or health facility that is similar to a CITYROW Fitness Facility, except for other CITYROW Fitness Facilities operated under franchise agreements granted by Franchisor and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of stock. As used in this Agreement, the term "similar" means a fitness facility which operates in a manner similar to a CITYROW Fitness Facility, and which Fitness Facility is located, or is intended to be located, within the Protected Area, or within the protected area granted to any other franchisee of a CITYROW Fitness Facility, or within a five (5) mile radius of the location of any CITYROW Fitness Facility in existence or under construction, whether owned by Franchisor or its affiliate or by a franchisee, or where land has been purchased or a lease has been executed by Franchisor, its affiliate or any franchisee for such a facility.

D. DEATH OR DISABILITY OF FRANCHISEE

Upon the death or permanent disability of Franchisee

(1) (or the managing partner, shareholder, or managing member, if Franchisee is a partnership, corporation or limited liability company, respectively), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners, or members, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed manager must attend and successfully complete Franchisor's training program within one hundred twenty (120) days of the appointment. If the Fitness Facility is not being managed by a Franchisor approved manager within thirty (30) days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Facility for and on behalf of Franchisee until an approved assignee is able to assume the management and operation of the Fitness Facility. Franchisor's appointment of a manager of the Fitness Facility does not relieve Franchisee of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Fitness Facility or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Fitness Facility during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time; and

(2) (or any shareholder, partner, or member of Franchisee, if Franchisee is a corporation, partnership or limited liability company, respectively), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death or appoint a manager approved by Franchisor in the case of permanent disability. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 17. Failure to so dispose of this interest within that period of time constitutes grounds for termination.

E. RELATED PARTY TRANSFERS

(1) Upon thirty (30) days' prior written notice to Franchisor, this Agreement and the

assets and liabilities of the Fitness Facility may be assigned, by an agreement in form and substance Franchisor approves, to either (i) an entity that conducts no business other than the Fitness Facility (or other CITYROW Fitness Facilities under franchise agreements granted by Franchisor) which is actively managed by Franchisee and in which Franchisee owns and controls not less than fifty-one percent (51%) of the voting power of such entity or (2) to Immediate Family Members. An assignment does not relieve Franchisee of his obligations, and Franchisee remains jointly and severally liable for all obligations. The articles of incorporation, by-laws and other organizational documents of any corporation or limited liability company which is Franchisee must recite that the issuance and assignment of any interest is restricted by the terms of this Agreement and all issued and outstanding stock certificates of the corporation must bear a legend reflecting or referring to the restrictions of Paragraph F of Section 17 of this Agreement

F. PUBLIC OR PRIVATE OFFERINGS

(1) Franchisee acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Franchisee agrees to submit any written information intended to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: if Franchisee attempts to raise or secure funds by the sale of securities in Franchisee or any affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interest) and if any of its owners attempt to raise or secure funds by the sale of securities in Franchisee or any affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interests) Franchisee (or any of its owners) agrees not to use the written materials submitted to Franchisor or any other written materials to raise or secure funds unless and until Franchisor approves of the language. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been furnished to Franchisor, in writing, pursuant to the written request of the Franchisee. The written request shall state the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or its affiliate or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. The written consent of Franchisor pursuant to this Paragraph F does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering;

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

> **"NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER CITYROW FRANCHISE, LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ENDORSES OR MAKE ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**; and

(3) Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all

claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney's fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.

G. THE FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or a Principal owning ten percent (10%) or more interest in the Franchisee at any time during the term of the Franchise Agreement determines to sell or to transfer for consideration this Agreement, the assets of the Fitness Facility (or an interest) or an ownership interest in Franchisee, Franchisee or its owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to Franchisee or its owners within thirty (30) days from the date of delivery of an exact copy of an offer to Franchisor to purchase interest in the Fitness Facility or ownership interest in Franchisee for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash for any form of payment proposed in the offer and has a minimum of sixty (60) days to prepare for closing. If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to purchaser pursuant to and on the exact terms of the offer and in accordance with Paragraphs B and C of this Section, provided that if the sale to purchaser is not completed within one hundred twenty (120) days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor shall again have the right of first refusal. A transfer of this Agreement, the Fitness Facility or an ownership interest in Franchisee to an Immediate Family Member is not subject to Franchisor's right of first refusal.

H. UNDERTAKING BY OWNERS OF FRANCHISEE

Any person who has or acquires a direct or beneficial ownership or equity interest equal to or greater than ten percent (10%) in Franchisee must execute an agreement in a form Franchisor furnishes or approves undertaking to be bound jointly and severally by all provisions of this Agreement. Franchisee must furnish to Franchisor at any time upon request a list, in a form Franchisor requires, of all owners of record and all persons having beneficial ownership of any ownership or equity interest in Franchisee, reflecting their respective interests in Franchisee;

18. RENEWAL OF FRANCHISE

A. FRANCHISEE'S RIGHT TO RENEW

If, upon expiration of the initial term of this Agreement:

(1) Franchisee has during the term of this Agreement substantially complied with all of its provisions, including without limitation, the notice of renewal provisions set forth below in paragraph 18.B. and the conditions set forth below in paragraphs 18.C. and 18.D.; and

(2) (a) Franchisee maintains possession of and agrees to refurbish and decorate the Premises of the Fitness Facility, replace fixtures, equipment, signs, and otherwise modify the Fitness Facility, in compliance with the Specifications then applicable to new franchises of CITYROW Fitness Facilities unless Franchisee has complied with a request of Franchisor to upgrade the Premises pursuant to the provisions of paragraph 12.B.(2) during the previous five (5) years; or

(b) Franchisee is unable to maintain possession of the Premises, or in the judgment of Franchisor the Fitness Facility should be relocated, and Franchisee secures a substitute location within the Protected Area that does not impede the development and operation of any other CITYROW Fitness Facility approved by Franchisor and agrees to develop substitute Premises in compliance with the Specifications then-applicable to new franchises of CITYROW Fitness Facilities;

then Franchisee has the right to renew for an additional term equal to ten (10) years (the "Renewal Term"), by execution of the then-current Franchise Agreement Franchisor is then using for the grant of franchises at the time of renewal. Franchisee must pay Franchisor a renewal fee equal to Two Thousand Five Hundred Dollars ($2,500) which must be paid at the time Franchisee gives Franchisor notice of its desire to renew as provided below in paragraph 18.B.

B. NOTICE OF RENEWAL AND NONRENEWAL

Franchisee must give Franchisor written notice of Franchisee's election to renew not less than seven (7) months nor more than twelve (12) months before the end of the initial term of this Agreement and Franchisee must comply with all of the following conditions which must, in Franchisor's discretion, be met before or at the time of renewal.

In order for Franchisee to have the right to renew for one additional term as provided in Section 18.A., Franchisor must receive written notice from Franchisee of Franchisee's desire to exercise its right to renew not less than seven (7) months nor more than twelve (12) months before the expiration of the initial term. If Franchisor does not receive such written notice at least seven (7) months before the expiration of the initial term, this Agreement shall expire at the end of the initial term.

If Franchisor does receive such written notice at least seven (7) months before the expiration of the initial term, then Franchisor must determine whether Franchisee has the right to renew under the standards set forth above in Section 18.A and as set forth in this paragraph 18.B. If Franchisor determines that Franchisee does not have the right to renew based on the standards set forth above in Section 18.A. and in this paragraph 18.B., Franchisor agrees to give Franchisee written notice (the "Notice of Nonrenewal") of its determination at least four (4) months before the expiration of the initial term. The Notice of Nonrenewal from Franchisor shall state the reasons for Franchisor's refusal to renew the Franchise, and may include, without limitation, the failure of Franchisee to comply with the terms and conditions of this Agreement.

If the reasons cited by Franchisor in the Notice of Nonrenewal are curable and are in fact cured by Franchisee, as reasonably determined by Franchisor, within sixty (60) days of the date of the Notice of Nonrenewal, then the Notice of Nonrenewal will be of no further effect and Franchisee's renewal will be effective for the Renewal Term, subject to compliance by Franchisee with the conditions precedent to renewal.

A Notice of Nonrenewal from Franchisor, which states that the reasons for nonrenewal include Franchisee's substantial defaults under the terms of this Agreement on three (3) or more occasions (or any of the other termination events set forth in paragraph 19.B.) during the initial term of this Agreement, may not be cured by Franchisee and will result in the expiration of this Agreement at the end of the initial term. Similarly, if the reasons for nonrenewal stated in the Notice of Nonrenewal include (i) Franchisee's insolvency, (ii) the occurrence of an assignment for the benefit of creditors by Franchisee or (iii) Franchisee's filing of a petition in bankruptcy (or any of the other automatic termination events set forth in paragraph 19.A.), then this Agreement will terminate immediately upon notice to Franchisee as provided in paragraph 19.A. of this Agreement.

C. RENEWAL FRANCHISE AGREEMENT

As a condition precedent to the renewal of the Franchise, Franchisor, Franchisee and the Principals must execute the form of and be bound by the then-current Franchise Agreement and ancillary agreements Franchisor then customarily uses in the grant of franchises for the ownership and operation of CITYROW Fitness Facilities at the time of renewal (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal Franchise), which renewal Franchise shall supersede this Agreement and which may contain terms and conditions materially different from the terms of this Agreement, including, but without limitation, requiring a higher Marketing Fund Contribution, increases in the renewal fee, increases in other fees and implementing new fees. The Royalty Fees established in the renewal Franchise Agreement will not be increased. Franchisor agrees that the renewal Franchise Agreement will not reduce the Protected Area established in Exhibit A. Failure by Franchisee and the Principals to sign the then-current form of Franchise Agreement or the Guaranty and Assumption of Obligations as it applies to Principals within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the Franchise.

D. CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Section 18, any or all of the following conditions must be met by Franchisee, in Franchisor's discretion, before or at the time of renewal:

(1) Franchisee must not be in default of any material provision of this Agreement, any amendment or successor agreement; and Franchisee must have substantially and timely complied with all the material terms and conditions of all agreements;

(2) Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliate under this Agreement and any other agreement between Franchisee and any of its affiliate and Franchisor or its affiliate and must have timely met those obligations throughout the terms of those agreements;

(3) Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Fitness Facility Premises for the operation of the Fitness Facility for the duration of the renewal term of this Agreement;

(4) Based upon an assessment of Franchisee's needs conducted by Franchisor prior to renewal, Franchisee must undertake such additional training, if any, as necessary to comply with Franchisor's then-current qualification and training requirements;

(5) Franchisee must repair or replace, at Franchisee's cost and expense, fitness equipment, other equipment (including electronic cash register or computer hardware or software systems, inclusive of any software license to Franchisee by Franchisor), signs, interior and exterior decor items, fixtures or furnishings, if applicable, supplies and other products and materials required for the operation of the Fitness Facility as Franchisor may reasonably require and must obtain, at Franchisee's cost and expense, any new or additional fitness equipment, other equipment, fixtures, supplies and other products and materials which Franchisor may reasonably require for Franchisee to offer and sell items from the Fitness Facility or to provide the Fitness Facility services in the manner Franchisor specifies and may otherwise modernize the Fitness Facility Premises, equipment, decor items, fixtures, furnishings, vehicles, supplies and other products and materials required for the operation of the Fitness Facility, as Franchisor reasonably requires to reflect the then-current standards and image of the System, as contained in the Operations Manual or otherwise provided in writing by Franchisor unless Franchisee has complied with a request of Franchisor to upgrade the Premises pursuant to the provisions of Section 12.B.(2) during the previous five (5) years; and

(6) Franchisee and the Principals must execute a general release, releasing Franchisor from any and all claims, and releasing their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Franchisee shall execute an estoppel statement.

19. TERMINATION

A. Franchisee shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if: (1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is filed under any Chapter of Title 11 of the United States Code by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; (3) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; (4) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (5) proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (6) final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed or Franchisor grants a written extension of such time period); (7) the Franchisee is dissolved; or if execution is levied against Franchisee's business or property; (8) suit to foreclose any lien or mortgage against the Premises or equipment of any Fitness Facility operated hereunder is instituted against Franchisee and not dismissed within thirty (30) days unless Franchisor grants a written extension of such time period; or (9) the real or personal property of any Fitness Facility operated hereunder shall be sold after levy thereupon by any sheriff, marshal or law enforcement officer.

B. Franchisee shall be in default under this Agreement and all rights granted by this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, effective upon written notice to Franchisee of one or more of the following material breaches of this Agreement:

(1) Final conviction of Franchisee of a felony, or if Franchisee engages in conduct which, in the reasonable judgment of Franchisor, may affect the goodwill of the Licensed Marks;

(2) If Franchisee or any of its Principals fails to comply with Section 21 of this Agreement;

(3) If Franchisee or a Principal discloses the contents of the Operations Manual or other Confidential Information in breach of this Agreement;

(4) If there is an immediate threat or danger to public health or safety resulting from the operation of the Fitness Facility;

(5) If Franchisee or a Principal has made a material misrepresentation in its application for the Franchise;

(6) If Franchisee abandons, or surrenders, or transfers control of, or loses the right to occupy the Premises of the Fitness Facility, or fails to obtain an alternative site or fails to actively operate the Fitness Facility for five consecutive days;

(7) If Franchisee fails on three (3) separate occasions within any twelve (12)

consecutive month period, whether or not such failure is corrected or cured by Franchisee, to:

(i) submit when due financial statements, reports or other data, information or supporting records;

(ii) pay when due the Royalty Fees, Marketing Fund Contributions, amounts due for purchases from Franchisor or its affiliate or other payments due to Franchisor; or

(iii) otherwise fails to comply with this Agreement;

(8) Suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Premises of the Fitness Facility; or

C. Franchisee shall be in material default of this Agreement and Franchisor shall have the right to terminate this Agreement upon thirty (30) days written notice to Franchisee, or a less time as specified below, specifying the material default of this Agreement which shall constitute good cause for termination and providing Franchisee with thirty (30) days or a less period as specified below, in which to cure the material default giving rise to the good cause for termination. Termination shall be effective upon the expiration of the thirty (30) days or less notice period, and Franchisee's failure to cure the material default. Any one of the following shall be a material breach of this Agreement and constitute good cause for termination of this Agreement, if Franchisee and/or of its Principals and/or the Fitness Facility:

(1) Fails to develop, open and operate the Fitness Facility in compliance with this Agreement;

(2) Misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks;

(3) Purports to transfer any right or obligation under this Agreement without Franchisor's prior written consent and in compliance with the provisions of this Agreement;

(4) Fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor under the Area Development Agreement, this Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(5) Fails to correct a deficiency of a health or safety issue after notice of such deficiency is issued by a local, state, or federal agency, or regulatory authority;

(6) Violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Fitness Facility, and permits the same to go uncorrected after notification of violation;

(7) Fails to maintain or suffers cancellation of any insurance policy required under this Agreement;

(8) Violates any of the covenants contained in this Agreement;

(9) Fails to promptly pay any vendor or supplier of products and/or services to

Franchisee; or

(10) Fails to comply with any other provision of this Agreement or any mandatory Specification, including, without limitation, any requirements set forth in the Operations Manual, or any other directive of Franchisor;

(11) Fails to comply with any other material term or material condition imposed by any other Franchise Agreement between Franchisor and Franchisee; or

Failure of Franchisee to cure the material default of this Agreement within the specified time, or a longer period of time as applicable law may require, will result in the termination of Franchisee's rights under this Agreement, effective on the expiration of the notice period, and without further notice to Franchisee.

D. Franchisee shall be in default under this Agreement and all rights granted by this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, effective upon written notice to Franchisee of one or more of the following material breaches of this Agreement:

(1) Final conviction of Franchisee of a felony, or if Franchisee engages in conduct which, in the reasonable judgment of Franchisor, may affect the goodwill of the Licensed Marks;

(2) If Franchisee or any of its Principals fails to comply with Section 21 of this Agreement;

(3) If Franchisee or a Principal discloses the contents of the Operations Manual or other Confidential Information in breach of this Agreement;

(4) If there is an immediate threat or danger to public health or safety resulting from the operation of the Fitness Facility;

(5) If Franchisee or a Principal has made a material misrepresentation in its application for the Franchise;

(6) If Franchisee abandons, or surrenders, or transfers control of, or loses the right to occupy the Premises of the Fitness Facility, or fails to obtain an alternative site or fails to actively operate the Fitness Facility for five consecutive days;

(7) If Franchisee fails on three (3) separate occasions within any twelve (12) consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due the Royalty Fees, Marketing Fund Contributions, amounts due for purchases from Franchisor or its affiliate or other payments due to Franchisor, or otherwise fails to comply with this Agreement, whether or not failure to comply is corrected after notice is delivered to Franchisee;

(8) Suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Premises of the Fitness Facility; or

E. Franchisee shall be in material default of this Agreement and Franchisor shall have the right to terminate this Agreement upon thirty (30) days written notice to Franchisee, or a less time as specified below, specifying the material default of this Agreement which shall constitute good cause for termination and providing Franchisee with thirty (30) days or a less period as specified below, in which to cure the material default giving rise to the good cause for termination. Termination shall be effective upon the expiration of the thirty (30) days or less notice period, and Franchisee's failure to cure the material

default. Any one of the following shall be a material breach of this Agreement and constitute good cause for termination of this Agreement, if Franchisee and/or of its Principals and/or the Fitness Facility:

(1) Fails to develop, open and operate the Fitness Facility in compliance with this Agreement;

(2) Misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks;

(3) Purports to transfer any right or obligation under this Agreement without Franchisor's prior written consent and in compliance with the provisions of this Agreement;

(4) Fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor under the Area Development Agreement, this Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(5) Fails to correct a deficiency of a health or safety issue after notice of such deficiency is issued by a local, state, or federal agency, or regulatory authority;

(6) Fails to comply with any other material provision of this Agreement;

(7) Violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Fitness Facility, and permits the same to go uncorrected after notification of violation;

(8) Fails to maintain or suffers cancellation of any insurance policy required under this Agreement;

(9) Violates any of the covenants contained in this Agreement;

(10) Fails to promptly pay any vendor or supplier of products and/or services to Franchisee; or

(11) Fails to comply with any other provisions of this Agreement or any mandatory Specification, including, without limitation, any requirements set forth in the Operations Manual, or any other directive of Franchisor;

(12) Fails to comply with any other material term or material condition imposed by any other Franchise Agreement between Franchisor and Franchisee; or

(13) Failure of Franchisee to cure the material default of this Agreement within the specified time, or a longer period of time as applicable law may require, will result in the termination of Franchisee's rights under this Agreement, effective on the expiration of the notice period, and without further notice to Franchisee.

F. No default of the Area Development Agreement shall constitute a default of this Agreement unless the default is also a default of this Agreement.

20. POST-TERMINATION, POST-EXPIRATION

A. Upon termination or expiration of this Agreement, all rights granted to Franchisee immediately terminate and Franchisee must immediately:

(1) cease to operate the Fitness Facility under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(2) cease to use, in any manner whatsoever, any confidential methods, computer software, procedures and techniques associated with the System, and must immediately and permanently cease to communicate or order products from approved suppliers, must immediately and permanently cease to use the Licensed Marks and distinctive forms, slogans, signs, symbols and devices associated with the System, in any manner or for any purpose. Franchisee must cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Licensed Marks or any distinctive features or designs associated with the Fitness Facility;

(3) pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration (without renewal) of this Agreement, Royalty Fees and Marketing Fund Contributions then due and amounts owed for products purchased by Franchisee from Franchisor or from its affiliate, and any interest due Franchisor or its affiliate on any of the foregoing. Franchisee must contemporaneously with payment furnish a complete accounting of all amounts owed to Franchisor and its affiliate;

(4) at Franchisee's expense, make modifications or alterations as are necessary to distinguish the Fitness Facility so clearly from its former appearance and other CITYROW Fitness Facilities to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying CITYROW Fitness Facilities and removal of all distinctive signs and emblems). Franchisee must, at his expense, make specific additional changes as Franchisor reasonably requests for this purpose. If Franchisee fails to initiate immediately or complete alterations within the period of time Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the Premises of the former Fitness Facility and adjacent areas at any time to make alterations, at Franchisee's sole risk and expense. Franchisee expressly acknowledges that its failure to make alterations will cause irreparable injury to Franchisor and consents to entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks an order;

(5) take any action required to cancel all fictitious or assumed names or equivalent registrations relating to any of the Licensed Marks;

(6) notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Licensed Marks and to authorize transfer of same to or at the direction of Franchisor;

(7) deliver to Franchisor the Operations Manual, software licensed by Franchisor, and all Confidential Information related to operating the Fitness Facility; and

(8) furnish to Franchisor, no later than thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations.

B. Franchisee must pay to Franchisor all damages, costs and expenses, including reasonable

attorneys' fees incurred by Franchisor subsequent to the termination or expiration of this Agreement or in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

C. Franchisee must comply with the restrictions on Confidential Information contained in this Agreement and must also comply with the non-competition covenants contained in this Agreement.

D. If this Agreement expires (without renewal) or is terminated by Franchisor in accordance with its provisions, then Franchisor has the option exercisable by giving written notice within thirty (30) days from the date of expiration or termination of this Agreement, to purchase from Franchisee such tangible assets (including inventory of saleable products, materials, supplies, any and all signs, equipment, and fixtures owned or leased by Franchisee, but excluding any unamortized portion of the initial franchise fee, cash, short-term investments and accounts receivable of the Fitness Facility (collectively, the "Purchased Assets") and to an assignment of Franchisee's Lease for the Premises of the Fitness Facility or a sublease for the full remaining term and on the same terms and conditions as Franchisee's Lease, and to an assignment of all membership contracts then in effect with Franchisee for the Fitness Facility, and any other tangible assets used in connection with the Fitness Facility, as determined by Franchisor in its sole discretion. Franchisor shall be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to the assets; (ii) absence of liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities inuring to Franchisor or affecting the assets, contingent or otherwise. Franchisor has the unrestrictive right to assign this option to purchase and assignment of lease as separate and apart from this Agreement.

The purchase price for the Purchased Assets shall be at fair market value. Fair market value shall not contain any amount or factor for any trademark, service mark or other commercial symbol used in connection with the operation of the Fitness Facility, or for any goodwill for the Fitness Facility or for any value of the membership contracts between members of the Fitness Facility and the Franchisee. Any assets purchased hereunder which do not meet quality standards of Franchisor may also be excluded from the purchase price or ascribed no value. Franchisor will be purchasing assets only and will not be assuming any liabilities whatsoever unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by appraisers, with each party selecting one (1) appraiser and the average of their determination to be binding. Each party must bear its own legal and other costs and divide equally the appraisers' fees. If Franchisor elects to exercise its option to purchase as provided, Franchisor has the right to set off all fees and amounts due from Franchisee to Franchisor, against any payment therefore and shall pay the remaining amount in cash.

The purchase price, as determined above, shall be paid in cash at the closing of the purchase, which shall take place no later than sixty (60) days after the delivery of Franchisor's notice of its election to purchase the Fitness Facility (unless fair market value is determined by appraisal, in which case, the closing shall take place within a reasonable time, not to exceed sixty (60) days, after the results of the appraisal are made available), at which time Franchisee must: (i) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee, with all sales and other transferred taxes paid by Franchisee; (ii) transfer or assign all licenses or permits which may be assigned or transferred; (iii) assign to Franchisor or its designee Franchisee's leasehold interest to the Premises of the Fitness Facility or, if an assignment is prohibited, sublease same to Franchisor for the full remaining term as Franchisee's lease, including renewal and/or purchase options; and (iv) assign to Franchisor or its designee any leases for other tangible assets used in connection with the Fitness Facility.

E. If Franchisor exercises the foregoing option to purchase the Purchased Assets, Franchisor

has the right pending the closing of purchase to appoint a manager to maintain the operation of the Fitness Facility in compliance with the terms of this Agreement. Alternatively, Franchisor may require Franchisee to close the Fitness Facility during the time period without removing any of the Purchased Assets from the Fitness Facility.

F. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with the Licensed Marks, and Franchisee authorizes Franchisor, and appoints Franchisor and any officer of Franchisor as his attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to Franchisor or at its direction, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of Franchisor in telephone numbers and directory listings and its authority to direct their transfer

G. All obligations, which expressly by their nature, survive the expiration or termination of this Agreement continue in full force and effect subsequent to its expiration or termination and until they are satisfied or expire.

21. COVENANTS

A. During the term of this Agreement or any extension:

(1) Franchisee must, or develop a staff to, devote full time, energy and effort to the management and operation of the CITYROW Fitness Facility. The manager(s) designated by Franchisee must devote full time, energy and effort to the management and operation of the Fitness Facility; and

(2) Franchisee must exert Franchisee's best efforts to develop and operate the CITYROW Fitness Facility.

B. Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive valuable training, trade secrets and Confidential Information, including, without limitation, information regarding the operation, sales, promotional and marketing methods of Franchisor and the System, which are beyond their present skills and experience. Franchisee and the Principals acknowledge that the specialized training, trade secrets and Confidential Information provide a competitive advantage and are valuable to them in the development and operation of the Fitness Facility and that gaining access to it is a primary reason for entering into this Agreement. In consideration for such training, trade secrets and Confidential Information, Franchisee and the Principals covenant that during the term of this Agreement, and any extensions or renewals, that neither Franchisee nor any of its Principals shall either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, corporation, limited liability company, limited liability partnership or any other entity:

(1) Divert, or attempt to divert, any business or customer of the business described 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 Licensed Marks and the System;

(2) Except with respect to CITYROW Fitness Facilities operated under franchise agreements between Franchisee and its affiliates, and Franchisor or its affiliate, own, maintain, operate, engage in, or have any financial or beneficial interest, in (including any interest in corporations, limited liability companies, partnerships, trusts, limited liability partnerships, unincorporated associations or joint ventures), advise, assist or make loans to, any competitive business ("Competitive Business"). For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility that

operates in any manner similar to a CITYROW Fitness Facility, and which fitness facility is located, or is intended to be located, within the United States, its territories or commonwealth, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the same or similar Licensed Marks or operates or licenses others to operate businesses under the same or similar Licensed Marks;

(3) During the term of this Agreement and any extensions or renewals, neither the Franchisee nor any Principal may employ or seek to employ any person employed by Franchisor or any other person who is at the time operating or employed by or at any other CITYROW Fitness Facility or otherwise directly or indirectly induce persons to leave their employment, except with the express written permission of Franchisor, in its sole discretion;

(4) The above provisions relating to interest in other Fitness Facilities does not apply to any interest in additional CITYROW Fitness Facilities; and

(5) The above provisions relating to interests in other Fitness Facilities does not apply to Franchisee's ownership of outstanding securities of any corporation whose securities are publicly held and traded, if the securities are held by Franchisee for investment purposes only and that Franchisee's total holdings do not constitute more than one percent (1%) of the outstanding securities of the corporation.

C. Franchisee and the Principals specifically acknowledge that pursuant to this Agreement, Franchisee and the Principals will receive valuable specialized training, trade secrets and Confidential Information, including, without limitation, information regarding the operation, sales, promotional and marketing methods and techniques of Franchisor and the System. Franchisee and the Principals further acknowledge that this information is beyond their present skills and experience and that it will provide a competitive advantage and will be valuable to them in the development and operation of the Fitness Facility. Gaining access to this specialized training, trade secrets and Confidential Information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such training, trade secrets, Confidential Information and rights, Franchisee and the Principals covenant that with respect to Franchisee, commencing upon the earlier of:

(1) The expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement; or

(2) The time that any individual or entity ceases to satisfy the definition of "Principals"; and

Continuing for two (2) years thereafter, neither Franchisee, nor any of the Principals, shall directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

(a) Divert, or attempt to convert any business or customer of any CITYROW Fitness Facility 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 Licensed Marks and the System;

(b) Except as provided in this Agreement, employ, or recruit any person who is employed by Franchisor or by its affiliate or any of its subsidiaries or by any other franchisee (including, as applicable, any developer or franchisee of Franchisor), or otherwise directly or indirectly induce such person to leave that person's employment;

(c) Own, maintain, operate, engage in, or have any financial or beneficial interest (including the interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations or joint ventures) advise, assist or make loans to any Competitive Business that is located within or that is intended to be located within the Site Selection Area pursuant to the Area Development Agreement or within the site selection area granted by Franchisor under any other area development agreement within the System or within a five (5) mile radius of the Premises of the Fitness Facility granted by this Agreement or within a five (5) mile radius of the location of any existing CITYROW Fitness Facility, any CITYROW Fitness Facility under construction or any planned CITYROW where land has been purchased or a lease has been executed by Franchisor, its affiliate or any franchisee. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in any manner like a CITYROW Fitness Facility;

D. The parties acknowledge and agree that each of the covenants contained herein is a reasonable limitation as to time, geographic 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 interest of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant provision of this Agreement. If all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Principals expressly agree to be bound by any covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 21;

E. Franchisee and the Principals expressly agree that the existence of any claims that they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 21;

F. Franchisee must require and obtain execution of covenants similar to those set forth in this Section 21 (including covenants applicable upon the termination of a person's employment with Franchisee) from its general manager. These covenants must be substantially in the form set forth in Exhibit B. Principals owning ten percent (10%) or greater interest in Franchisee also must execute these covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenants set forth in Exhibit B or eliminate the non-competition covenant altogether for any party that is required to execute an agreement under this Section 21;

G. Franchisee and the Principals acknowledge that any failure to comply with the requirements of this Section 21 constitutes a material event of default under this Agreement. Franchisee and the Principals acknowledge that a violation of the terms of this Section 21 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Therefore, Franchisor shall be entitled to obtain specific performance of or any injunction against the violation of the terms of this Section 21. Provided that the conduct is later determined to be in violation of the terms of this Section 21, Franchisee and the Principals agree to pay all court costs and reasonable attorneys' fees Franchisor incurs in connection with the enforcement of this Section 21, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section 21; and

H. Franchisee acknowledges that a violation of any covenant in this paragraph would cause irreparable damage to Franchisor, the exact amount of which may not be subject to reasonable or accurate ascertainment. Provided that it is reasonable for Franchisor to believe that there is a violation of a covenant, Franchisee consents to Franchisor seeking injunctive relief to restrain Franchisee, or anyone acting for or

on Franchisee's behalf from violating covenants. Franchisee also acknowledges that Franchisor is also entitled to pursue any other remedies to which Franchisor may then be entitled. If Franchisor prevails in any suit to enforce any provision, Franchisor is entitled to receive, in addition to any relief or remedy granted, the cost of bringing the suit, including reasonable attorneys' fees.

The covenants set forth in this Section 21 survive the termination or expiration of this Agreement.

I. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. A court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party may determine all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable. In that event, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this paragraph.

22. MEDIATION

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION IS TO BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AGREED UPON BY THE PARTIES AND, FAILING AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, AT FRANCHISOR'S CORPORATE HEADQUARTERS IN ANN ARBOR, MICHIGAN. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS' FEES INCURRED BY EITHER PARTY), IS TO BE SHARED BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN EITHER PARTY MAY BRING AN ARBITRATION PROCEEDING UNDER SECTION 23.G. TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE UNLESS THE TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONEY OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FITNESS FACILITY PREMISES IN A COURT HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION 23.J., WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.

23. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable. If for any reason, any portion of this Agreement is held in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, that ruling shall not impair the operation of, or have any other effect upon, other

portions of this Agreement as may remain otherwise intelligible. The surviving portions of this Agreement shall continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee's receipt of a notice of non-enforcement from Franchisor.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, 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 Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed 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, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by Franchisor to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by Franchisor of any payments due to it after the time at which the payment is due, is not deemed to be a waiver of Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. Franchisor specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement; or by any failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon exact compliance by the Franchisee with its obligations, including any mandatory specification, standard or operating procedure.

Neither Franchisor nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy precludes the exercise or enforcement by Franchisor or Franchisee of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to Franchisor or its affiliate is asserted in any legal proceeding before a court of competent jurisdiction or in arbitration, or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorneys' fees. If Franchisor became a party to any action or proceeding commenced by a third party arising out of or related to this Agreement, or to the operation of the Fitness Facility, or as a result of any claimed or actual act, error or omission of Franchisee, or any of its officers, directors, shareholders, members, employees, and/or representatives, or by virtue of statutory, "vicarious", "principal/agent", or other liabilities asserted against Franchisor, then Franchisee will be liable to and must promptly reimburse Franchisor for the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses incurred by Franchisor in such action or proceeding regardless of whether such action or proceeding proceeds to judgment.

F. GOVERNING LAW

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by the law of the State of Michigan without recourse to Michigan's (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Michigan, and if the Fitness Facility is located outside of Michigan and the provision would be enforceable under the laws of the state in which the Fitness Facility is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state.

G. ARBITRATION

Except for controversies, disputes or claims related to or based on Franchisee's use of the Licensed Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents, employees, successors and assigns and Franchisee and Franchisee's owners, guarantors, affiliates, employees and independent contractors arising out of or related to: this Agreement or any other agreement between Franchisee and Franchisor or any provision of any agreement; or the sale of the Franchise, or the alleged violation of any state or federal law, rule or regulation; or Franchisor's relationship with Franchisee; or the validity of this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreement; or any System standard relating to the operation of the CITYROW Fitness Facility, will be submitted for arbitration in Ann Arbor, Michigan, as determined by Franchisor, in its sole discretion, conducted by the American Arbitration Association on demand of either party. Arbitration proceedings will be conducted in Ann Arbor, Michigan and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then-current commercial arbitration

rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any Licensed Mark generic or otherwise invalid or to award exemplary or punitive damages or incidental or special damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in connection with any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as described above will be forever barred.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents and employees and Franchisee and Franchisee's owners, guarantors, affiliates, employees and independent contractors may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Notwithstanding the foregoing, Franchisor may bring an action (1) for money owed, (2) for injunctive or other extraordinary relief from a court of competent jurisdiction, or (3) to obtain possession of the CITYROW in a court having jurisdiction, without first submitting that action to mediation or to arbitration.

The provisions of this Subsection are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this agreement.

H. WAIVER OF DAMAGES

Franchisee hereby waives, to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities arising out of any cause whatsoever (whether such cause is based in contract, negligence, strict liability, fraud, other tort or otherwise) and agrees that in the event of a dispute, Franchisee shall be limited to the recovery of any actual damages sustained by Franchisee. If any other term of the Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provision of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

I. JURY TRIAL WAIVER

Franchisor and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and Franchisor agree that any litigation, suit, action, counterclaim, cross claim or

proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Franchisor and Franchisee irrevocably waive any right either party may have to trial by jury.

J. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Franchisee and the Principals hereby irrevocably submit themselves to the state courts of the state and county where Franchisor is then headquartered and the Federal District Court having jurisdiction over the same geographical area. Franchisee and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state where Franchisor is then headquartered or Federal Law. Franchisee and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be in the county and state where Franchisor is then headquartered; provided, however, with respect to any action (i) for money owed, (ii) for injunctive or other extraordinary relief, or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction.

Franchisee, the Principals and Franchisor acknowledge that the execution of this Agreement and the acceptance of the terms of the parties occurred in Ann Arbor, Michigan, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of money due under this Agreement shall occur in Ann Arbor, Michigan.

K. VARIANCES

Franchisee acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Franchisee understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Franchisee understands existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

M. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's own independent investigation of the franchised business and not as a result of any

representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or franchisees, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Franchisee hereby acknowledges and further represents and warrants to Franchisor that:

(1) Franchisee has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document provided Franchisee;

(2) Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;

(3) Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable;

(4) Franchisee has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Franchisee did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

(5) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor;

(6) Franchisee has received a copy of Franchisor's Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration.

(7) The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee acknowledges it and its Principals have considerable skills, experience and education which provide opportunities to derive income from other endeavors.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Franchisee represents and warrants to Franchisor that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Franchisee and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of that Act.

24. NOTICES AND PAYMENTS

A. All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after being sent by overnight courier with delivery confirmed to the party to be notified at its most current address of which the notifying party has been notified. The following physical addresses for the parties shall be used unless and until a different physical address has been designated by written notice to the other party:

Notices to Franchisor:

CITYROW Franchise, LLC
106 East Liberty
Suite 310
Ann Arbor, Michigan 48104
ATTN: Administration

with a copy to:

John D. Moore, Esq.
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, Missouri 64112

Notice to Franchisee:

_____
_____
_____
ATTN: _____

B. All payments and reports required by this Agreement not actually received by Franchisor during regular business hours on the date due are deemed delinquent.

C. In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing. Except as otherwise expressly provided in this Agreement, whenever the consent or approval of Franchisor is required hereunder, such consent or approval must be in writing and will not be unreasonably withheld. Franchisor's consent to or approval of any act or request by Franchisee shall be effective only to the extent specifically stated, and shall not be deemed to waive or render unnecessary consent or approval of any other subsequent similar act or request.

25. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and its Principals agree to comply with Anti-Terrorism Laws. Franchisee and its Principals certify, represent and agree that none of its property or interests is blocked under any of the Anti-Terrorism Laws which shall mean Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, regulation, and other requirements of any governmental authority relating to terrorist acts or acts of war. Any violation of any Anti-Terrorism Act shall be good cause for immediate termination of this Agreement.

26. CAVEAT

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Franchisee as an independent business person, and the active participation of Franchisee in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Franchisee acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross revenue, volume potential earnings or profits which Franchisee in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Franchisee to execute this Agreement.

C. Franchisee represents and acknowledges that he has received from Franchisor a copy of this Agreement with all blanks filled at least seven (7) calendar days before the date of execution of this Agreement. Franchisee further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

27. MISCELLANEOUS

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The "Franchisee" as used in this Agreement is applicable to one or more persons, a corporation, partnership, limited partnership, or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Franchisee" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the Assignee, if Franchisee or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:	**FRANCHISEE:**
CITYROW FRANCHISE, LLC	
By: _____	By: _____
Helaine Knapp, CEO	Name, Individually
Date: _____	Date: _____

By: _____
Name, Individually

Date: _____

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS IS GIVEN ON _____ by _____ (each a "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by CITYROW FRANCHISE, LLC (the "Franchisor"), and with _____("Franchisee"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right such Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and other Guarantors;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) Guarantor's liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(d) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement;

(e) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee.

(f) Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(g) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee; and

(h) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

_____

Guarantor, Individually

_____

Guarantor, Individually

_____

Guarantor, Individually

EXHIBIT A - LOCATION
TO THAT CERTAIN
CITYROW FRANCHISE AGREEMENT
BY AND BETWEEN CITYROW FRANCHISE, LLC
AND _____
DATED _____
(the "Franchise Agreement")

1. Fitness Facility Location. The parties to this Agreement agree that the Fitness Facility to be operated by Franchisee pursuant to the Franchise Agreement shall be located at the following address:

_____

_____

_____

2. Protected Area. The parties agree that the Protected Area means a _____ mile radius around the Premises.

3. Defined Terms. All capitalized or initial capitalized terms contained in this Exhibit and not defined in this Exhibit have the same meaning as ascribed to them in the Franchise Agreement.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Helaine Knapp, CEO

FRANCHISEE:

By: _____
Name, Individually

By: _____
Name, Individually

ALTERNATIVE EXHIBIT A

TO THAT CERTAIN
CITYROW FRANCHISE AGREEMENT
BY AND BETWEEN CITYROW FRANCHISE, LLC
AND _____
DATED _____
(the "Franchise Agreement")

1. Area for Fitness Facility Location. Within ninety (90) days after the date of the Franchise Agreement, Franchisee shall select and obtain Franchisor's approval of a location in accordance with the provisions of this Exhibit within the following described geographical area:

_____

_____

_____

2. Approval of Location and Fitness Facility Opening. In order to obtain Franchisor's approval of proposed premises for the Fitness Facility, Franchisee must submit to Franchisor a complete site report (containing information Franchisor reasonably requires) for the location at which Franchisee proposes to establish and operate the Fitness Facility and which Franchisee reasonably believes to conform to the standardized site selection criteria established by Franchisor. The proposed location is subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving the proposed location, Franchisor will consider matters it deems material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other CITYROW Fitness Facilities, and other commercial characteristics, the purchase price or rental obligations and other lease terms for the proposed location, and the size of premises, appearance and other physical characteristics. Franchisor will, by delivery of written notice to Franchisee, approve or disapprove a location proposed by Franchisee for the Fitness Facility within thirty (30) days of receipt by Franchisor of the complete site report and other materials requested by Franchisor, containing all information reasonably required by Franchisor.

Franchisor and Franchisee agree that Franchisor's written approval of a proposed location is deemed an agreement by Franchisor and Franchisee that the location shall be the location of the Fitness Facility to be operated by Franchisee pursuant to the Franchise Agreement. As soon as reasonably practical after approval of the location, Franchisor and Franchisee shall complete and execute Exhibit A.

At Franchisee's request, Franchisor will provide Franchisee with reasonable assistance in the selection and evaluation of a proposed location for the Fitness Facility.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S SELECTION OR APPROVAL OF A PROPOSED LOCATION AND ANY INFORMATION IMPARTED TO FRANCHISEE REGARDING THE PROPOSED LOCATION SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A CITYROW FITNESS FACILITY OR FOR ANY OTHER PURPOSE OR THAT THE FITNESS FACILITY WILL BE SUCCESSFUL OR PROFITABLE.

3. Termination of Franchise Agreement. Franchisor has the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee fails to obtain approval of a location for the Fitness Facility within ninety (90) days after the date of the Franchise

Agreement.

4. Defined Terms. All capitalized and initial capitalized terms contained in this Exhibit and not defined in this Exhibit shall have the same meaning as ascribed to them in the Franchise Agreement.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Helaine Knapp, CEO

FRANCHISEE:

By: _____
Name, Individually

By: _____
Name, Individually

EXHIBIT B – CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into on _____, between CITYROW FRANCHISE, LLC, a Delaware limited liability company ("Franchisor"), _____ ("Franchisee"), and _____ _____ ("Covenantor").

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the "System") for the development and operation of a CITYROW Fitness Facility under the name and marks CITYROW® ("CITYROW(S)" or Fitness Facility(ies)"); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks CITYROW® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System's high standards of quality, appearance and service and distinctive merchandising, interior design, furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System ("Trade Secrets"); and

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

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

WHEREAS, Franchisor has granted Franchisee the limited right to develop a CITYROW Fitness Facility using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on _____ ("Franchise Agreement"), by and 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 Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Franchisee, or any entity having an interest in Franchisee ("Covenantor") to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee's CITYROW using the System; and

WHEREAS, Franchisee has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

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

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his

employment or association in order to effectively perform the services for Franchisee; and

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

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Franchisee and then only in connection with the development and/or operation by Franchisee of a CITYROW Fitness Facility 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 or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets 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 CITYROW Fitness Facility.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

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

7. Franchisor loans all manuals to Franchisee for limited purposes only and they 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 unique qualities of the System and the confidentiality and value of the Trade Secrets during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Trade Secrets, 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 Fitness Facilities to any competitor;

b. Except with prior written consent of Franchisor, not to employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any of its subsidiaries or any franchisee 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 that person if permitted under the Franchise Agreement; and

c. Except with respect to CITYROW Fitness Facilities not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation, or limited liability company without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the CITYROW Fitness Facility. As used herein, the term "similar" means a fitness facility which operates in any manner like a CITYROW Fitness Facility;

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, 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 Fitness Facilities to any competitor;

b. Employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any of its subsidiaries or any franchisee of franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; or

c. Except with respect to CITYROW not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation, or limited liability company without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the CITYROW. As used herein, the term "similar" means a fitness facility which operates in any manner like a CITYROW Fitness Facility;

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 a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies 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 to object to or take action with respect to any breach 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 MICHIGAN. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE

STATE COURTS OF WASHTENAW COUNTY, MICHIGAN AND THE FEDERAL DISTRICT COURT. 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 IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MICHIGAN OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ANN ARBOR, MICHIGAN; PROVIDED, 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 in this Agreement 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 part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the 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 of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, or electronic mail (provided that the sender confirms the facsimile, or electronic mail 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:

CITYROW Franchise, LLC
106 East Liberty
Suite 310
Ann Arbor, Michigan 48104
ATTN: Administration

with a copy to:

John D. Moore, Esq.
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, Missouri 64112

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 electronic mail 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 three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective affiliate, successor 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.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Helaine Knapp, CEO

Date: _____

FRANCHISEE:

By: _____
Name, Individually

Date: _____

By: _____
Name, Individually

Date: _____

COVENANTOR(S):

_____
Name, Individually

_____
Name, Individually

EXHIBIT C – LEASE RIDER

This Lease Rider is made and entered into on _____, by and among CITYROW FRANCHISE, LLC, a Delaware limited liability company ("CITYROW" or "Franchisor") _____ _____ ("Franchisee"), and _____ ("Landlord").

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ ("Franchise Agreement"); and

WHEREAS, Franchisee and Landlord are entering into a lease of even date herewith (the "Lease") pursuant to which Franchisee will occupy the Premises located at _____ (the "Premises") for a CITYROW Fitness Facility ("Permitted Use Fitness Facility") licensed under the Franchise Agreement; and

WHEREAS, as a condition to entering into the Lease, the Franchisee is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein and in the Franchise Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. During the term of the Franchise Agreement, (a) the Premises shall be used only for the Permitted Use Fitness Facility, and (b) Landlord and Franchisee agree that no amendment of the Lease shall be deemed valid unless and until Franchisor has approved the same.

2. Landlord consents to Franchisee's use of Licensed Marks and signs, and interior and exterior decor items, color schemes and related components of the CITYROW System, plans, specifications, location of the building and its entrance, as Franchisor may prescribe from time to time. Landlord agrees to reasonably cooperate with obtaining approval for the same, to the extent necessary, from the applicable governmental authorities.

3. Landlord agrees to furnish Franchisor with copies of all notices of default and all correspondence between Landlord and Franchisee related to any such default.

4. Franchisor has the right to enter the Premises to make any operational modifications or non-structural alteration necessary to protect the CITYROW System and Licensed Marks or to cure any default under the Franchise Agreement entered into between Franchisor and Franchisee or under the Lease, without being guilty of trespass or any other crime or tort, and Landlord shall not be responsible for any expenses or damages arising from Franchisor's action in connection therewith.

5. Landlord grants Franchisor the right, but not the obligation, to cure any deficiency or default under the Lease if Franchisee fails to do so for an additional: (a) fifteen (15) days for in the event of a monetary default and (b) thirty (30) days in the event of a non-monetary default (or such longer period as may be reasonably necessary provided Franchisor commences a cure within such 30-day period and diligently pursues the cure thereafter), after the expiration of the time in which Franchisee may cure a default pursuant to the terms of the Lease.

6. Upon the expiration or termination of the Franchise Agreement for any reason whatsoever, Landlord shall grant Franchisor the option to assume the Lease as follows:

(A) Franchisor may, but is not obligated to, directly assume the Lease, and shall have the right to either assign such Lease or sublease the Premises for all or any part of the remaining Lease term to a franchisee who has been approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned, and upon any such assignment, Franchisor shall be relieved of any liability for obligations accruing after the effective date of any such

assignment; or

(B) Franchisor may, but is not obligated to, assign its option to assume the Lease to a franchisee who has been approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned, and Landlord agrees to permit the direct assumption of the Lease by such franchisee.

Franchisor agrees to provide Landlord with notice of its election to exercise one of the foregoing options within thirty (30) days after the expiration or earlier termination of the Franchise Agreement. If Franchisor fails to notify Landlord within such time period, the options shall be deemed waived.

7. Landlord shall acknowledge that, in all cases, Franchisee is solely responsible for all obligations, payments and liabilities accruing under the Lease, unless and until Franchisor or Franchisor's designated franchisee exercises the option to become substitute lessee and takes physical possession of the Premises.

8. If Franchisee fails to cure a default under the Lease, and Franchisor has escrowed funds or has committed in writing to provide the necessary undertaking to cure the default, Landlord shall take any action necessary to remove Franchisee from the Premises and retake possession of the Premises.

9. Landlord and Franchisee acknowledge and agree that Franchisee shall be required to assign the Lease to Franchisor or its designee upon the expiration or earlier termination of the Franchise Agreement. In the event the Lease is terminated prior to its expiration, Landlord agrees to reinstate the Lease or enter into a new lease under the same terms and conditions with Franchisor or Franchisor's designee in accordance with the terms of this Lease Rider, which shall survive any termination of the Lease prior to the expiration thereof in accordance with its terms.

10. In the event of assignment, Franchisor or its designee will assume from and after the date of assignment all obligations of Franchisee remaining under the Lease, and in such event, Franchisor or its designee will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease.

11. Franchisee shall not amend or assign the Lease or renew or extend the terms thereof without the prior written consent of Franchisor.

12. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

13. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

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

FRANCHISOR:	**FRANCHISEE:**
CITYROW FRANCHISE, LLC	
By: _____	By: _____
Helaine Knapp, CEO	Name, Individually
Date: _____	Date: _____

By: _____
Name, Individually

Date: _____

LANDLORD:

By: _____

Name: _____

Title: _____

EXHIBIT D

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of shareholders, partners, members, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest

B. The following is a list of all Principals described in and designated pursuant to this Agreement.

_____
Initial and Date

_____
Initial and Date

EXHIBIT E

STANDARD INITIAL PACKAGE

ITEM	Units
Rowing Equipment	
Water Rower	17
Manduka Mat	16
PRECORE EQUIPMENT	
5lbs(12 sets) 8lbs(12 sets) 10 lbs(10 sets) 12lbs(12 sets) 15lbs(12 sets) 20lbs(3 sets) 25lbs(3 sets)	1
Rack for Dumbbells	1
INSTORE DESIGN DISPLAY	
Retail Display	1
Cash Wrap	1
INDUSTRIAL BUILDING PRODUCTS	
16 Lockers - All metal with Digitech locks	1
Wood Benches	2
MERCHANDISE	
Retail -Package	1
AED	
Zogics Bundle Package - Philips HeartStart Onsite AED defibrillator Bundle	1
AV Package	1

EXHIBIT F - ELECTRONIC FUND TRANSFER AUTHORIZATION

Authorization Agreement for Direct Payments to CITYROW Franchise, LLC

(1) Franchisee Name: _____ ("Franchisee")

(2) Fitness Facility Number: _____

(3) Employer Identification Number (EIN) or Social Security Number: _____

(4) Fitness Facility Address: _____

Business Mailing Address: _____
(if different from Fitness Facility Address)

(5) Work Phone: (____) _____

checking/savings

Franchisee hereby authorizes CITYROW Franchise, LLC, hereinafter called CITYROW, to initiate debit entries to Franchisee's _____ Account

indicated below at the depository financial institution named below, hereinafter called BANK, to allow payment to CITYROW for continuing weekly royalty fees and for weekly contributions to the Marketing Fund due under the parties' Franchise Agreement. Franchisee hereby authorizes BANK to honor, execute and charge Franchisee's account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee's account must comply with the provisions of U.S. Law.

(6) BANK's Name: _____

Branch: _____

City: _____ State: _____ Zip: _____

(7) Routing Number: _____

(8) Account Number: _____

(Please attach a voided check to assure accuracy)

(9) Day of Debit: Tuesday of each week for royalty fees, unless a Tuesday is preceded by a bank holiday, in which case the withdrawal will be Wednesday.

This authorization is to remain in full force and effect until CITYROW has received written notification from Franchisee of its termination in such time and in such manner as to afford CITYROW and BANK a reasonable opportunity to act on it.

Signature: _____ Date: _____
Authorized Representative of Franchisee

Signature: _____ Date: _____
Authorized Representative of CITYROW

EXHIBIT D

STATE ADMINISTRATORS

EXHIBIT D

STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	ADDRESS
California	Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 Toll Free Telephone #: 1-866-275-2677
Hawaii	Department of Commerce and Consumer Affairs	335 Merchant Street Honolulu, HI 96813
Illinois	Office of the Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Consumer Protection Division Franchise Section	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236
North Dakota	North Dakota Securities Department	600 East Boulevard Fifth Floor Bismarck, ND 58505
Rhode Island	Department of Business Regulation Securities Division	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Virginia State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Department of Financial Institutions Securities Division	345 W. Washington, 4th Floor Madison, WI 55103

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

CRF authorizes the following, to accept service of process on behalf of CRF in the respective states:

STATE	AGENT	ADDRESS
California	Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344
Hawaii	Director of Department of Commerce and Consumer Affairs	1010 Richards Street Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State	201 State House Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Commerce Corporations and Securities Bureau	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Commissioner of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York Secretary of State New York Department of State	One Commercial Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	Securities Commissioner	600 East Boulevard, 5th Floor Bismarck, ND 58505
Rhode Island	Director of the Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23209
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, WI 53703

EXHIBIT F

OPERATIONS MANUAL

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EXHIBIT G

DISCLOSURE ACKNOWLEDGEMENT AGREEMENT

EXHIBIT G

DISCLOSURE ACKNOWLEDGEMENT AGREEMENT

CITYROW FRANCHISE, LLC ("CRF"), through the use of this document, desires to confirm that _____ fully understands and comprehends that the purchase of a CRF franchise is a business decision, complete with its associated risks and that it is the company policy of CRF to verify that you have received certain required documents and that you are not relying upon any unauthorized statements, representations, promises or assurances by any CRF representative in the purchase of the franchise.

1. You recognize and understand that business risks, which exist in the purchase of any business, make the success or failure of the franchise subject to many variables, including your skills and abilities, the hours you work, competition, interest rates, the economy, inflation, labor costs, lease terms and your marketing and management skills. You acknowledge your willingness to undertake these business risks.

2. You acknowledge receipt of the following documents: (a) CRF Franchise Disclosure Document, (b) CRF Franchise Agreement and (c) audited financials of CRF. You acknowledge and agree that you have personally and carefully reviewed each document and have been advised to (i) seek professional assistance, (ii) have professionals review these documents and (iii) consult with your professional advisors regarding the risks associated with the purchase of a CRF franchise.

3. You acknowledge and agree that you were in receipt of the CRF Franchise Disclosure Document at least 14 calendar days prior to signing the Franchise Agreement or paying the initial franchise fee.

4. You acknowledge and agree that you were in receipt of the CRF Franchise Agreement containing all material terms at least 7 calendar days prior to signing the Franchise Agreement.

5. Except as described at Item 19 of the CRF Franchise Disclosure Document, you acknowledge and agree that you have not received and that your decision to purchase a franchise is not otherwise predicated upon, either (a) any oral or written representations, assurances, warranties, guarantees or promises made by CRF or any of its employees or other representatives as to the likelihood of success of the franchise or (b) any information concerning actual, average, projected or forecasted sales, profits or earnings.

If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales profits or earnings other than as described in CRF'S Franchise Disclosure Document, please describe these in the space provided below or write "None."

_____
_____
_____

Acknowledged and accepted this _____ day of _____, 20____.

FRANCHISEE:

_____

EXHIBIT H

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

EXHIBIT H

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

(1) Franchisee Name: _____ ("Franchisee")

(2) Franchise Number: _____

(3) Employer Identification Number (EIN) or Social Security Number: _____

(4) Franchised Location Address: _____
Business Mailing Address: _____
(if different from Franchised Location Address)
_____

(5) Work Phone: (_____) _____

Franchisee authorizes CITYROW FRANCHISE, LLC, ("CRF") to initiate debit entries to Franchisee's _____ Account indicated below at the depository financial institution named below ("BANK"), to allow payment to CRF for continuing weekly royalty fees and for the weekly contributions to the Marketing Fund due under the parties' Franchise Agreement. Franchisee authorizes BANK to honor, execute and charge Franchisee's account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee's account must comply with the provisions of U.S. Law.

~~checking/savings~~

(6) BANK's Name: _____

Branch: _____

City: _____ State: _____ Zip: _____

(7) Routing Number: _____

(8) Account Number: _____

(Please attach a voided check to assure accuracy)

(9) Day of Debit: Tuesday of each week, unless a Tuesday is preceded by a bank holiday, in which case the withdrawal will be Wednesday.

This authorization is to remain in full force and effect until CRF has received written notification from Franchisee of its termination in such time and in such manner as to afford CRF and BANK a reasonable opportunity to act on it.

Signature: _____ Date: _____
Authorized Representative of Franchisee

Signature: _____ Date: _____
Authorized Representative of CRF

EXHIBIT I

LIST OF FRANCHISEES

EXHIBIT I

List of Franchisees with an open unit as of December 31, 2019

~~We commenced selling franchises in March of 2018 and, as of the date of this disclosure document, we have no franchisees that were open for business as of December 12, 2018.~~

Franchisee	Store Address	City	State	Zip	Center Phone
4 Daughters, Inc.	305 NW Park Ave	Portland	OR	97209	(503) 505-9948
Seira Co.	6629 Orchard Lake Rd	West Bloomfield	MI	48322	(248) 985-7250
Jan Zalud	805 Peachtree Street NE	Atlanta	GA	30308	(470) 460-7769

List of Franchisees that signed Franchise Agreements but were not open for business as of December 31, ~~2018~~2019.

Franchisee	Address	City	State	Zip	Phone
~~Jeffrey Garon[1,2]~~Jeff Garon[2]	4 San Gabriel Ct.	Fairfax	CA	94930	(530) 680-5045
Kathleen ~~Eichten[1,2]~~Eichten[2]	95 Diablo View Dr.	Orinda	CA	94563	(408) 892-0996
John ~~Gersmeyer[1,2]~~Gersmeyer[2]	903 Paseo Santa Barbara	Thousand Oaks	CA	91320	(818) 921-5053
Luke Custer[1]	716 E. Chevy Chase Dr.	Glendale	CA	91205	(919) 414-9364
Becki Goss[1,2]	6805 Camino Del Rey	Bonall	CA	92003	(617) 851-3767
Casey & Lisa Imdieke[1]	2777 Caminto Cedros	Del Mar	CA	92014	(808) 651-4873
David Woltze[1,2]	5855 Horton St., #509	Emeryville	CA	94608	(503) 484-7639
Terri ~~Bohannon[1,2]~~Bohannon[2]	~~9793 Cypress Point Circle~~464 East 19th Avenue	~~Lone Tree~~Denver	CO	~~80124~~ 80203	(303) 883-7496
Michael Cochran[1,2]	116 Via D. Este, Apt 402	Delray Beach	FL	33445	(908) 304-4555
Daniel ~~Root[1,2]~~ Root[2]	~~425 N. Andrews Ave. #201~~8198 Glades Rd., Unit #8198	~~Fort Lauderdale~~Boca Raton	FL	~~33301~~ 33434	(317) 341-0706
~~Sara Mar[1,2]~~John Samuel Kohout[1,2]	~~1794 S. Tannytown Rd.~~3860 Rose Glen	~~Canton~~Waukee	~~MI~~ IA	~~48188~~ 50263	~~(915) 613-6799~~(515) 491-5714
Eric ~~Trepanier[1,2]~~Trepanier[2]	201 Marvin Blvd. Apt 1608	Jersey City	NJ	07302	(917) 912-9511
Rod Bellak[1,2]	1263 Birch Street	Boonton	NJ	07005	(973) 713-8403
Donna ~~Scalfano[1]~~Scalfano	231 Waterford Rd.	Oakdale	NY	11769	(516) 982-6326
William Reidy[1]	80 East End Ave. 4K	New York	NY	10028	(917) 803-5222
~~Carrie Harman[1,2]~~Karen & Jeff Huth[1,2]	~~13310 Foxrun~~1803 Dove Cottage Drive	Charlotte~~Lake Oswego~~	~~OR~~ NC	~~97034~~ 28226	~~(503) 869-6510~~(704) 957-0406
Leigh Carreon[1]	22 Marsh Millet Court	Spring	TX	77380	(281) 216-4212
David ~~Regelean[1]~~Regelean	~~2503 Elaine~~1314 West McDermott, Dr.	~~Wylie~~Allen	TX	~~75098~~ 75013	(972) 877-3749
Sarah Rawlings[1,2]	19150 Highlands Lane	Richmond	VI	23024	(804) 409-9108

[1]This franchisee signed a Franchise Agreement in ~~2018~~2019
[2]This franchisee has signed a Development Agreement for the right to develop multiple units

EXHIBIT J

GENERAL RELEASE

EXHIBIT J

GENERAL RELEASE

This Release (the "Release") is made and entered into this ____ day of _____, 20___, by and between CITYROW FRANCHISE, LLC, a Michigan limited liability company ("CRF"), and _____ _____ **[Corporation/LLC name]** a **[insert jurisdiction of incorporation or organization] [corporation/limited liability company]** ("Franchisee") and **[names of shareholders or members]** ("Guarantors").

WITNESSETH:

WHEREAS, CRF and Franchisee are parties to a Fitness Facility Franchise Agreement dated _____ (the "Franchise Agreement") granting Franchisee the exclusive right to open a Fitness Facility, according to said Franchise Agreement within an area described in Exhibit A to the Franchise Agreement; and

WHEREAS, Guarantors are the sole **[shareholders/members]** of Franchisee; and

WHEREAS, Guarantors personally guaranteed the obligations of Franchisee under the Franchise Agreement; and

Use the following if Franchisee has sold the franchised business – Option 1:

WHEREAS, Franchisee has entered into a [insert title of sale or transfer agreement] (the "Sale Agreement") with [Name of Buyer] (collectively, the "Buyer") assigning unto Buyer, all rights, privileges and goodwill in said Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, which include, without limitation, the agreement by [Buyer or Franchisee] to pay CRF the required transfer and training fees;

Or alternatively, use the following if Guarantor has sold its interest in the Franchisee – Option 2:

WHEREAS, Guarantor has entered into a [insert title of sale or transfer agreement] (the "Sale Agreement") with [Name of Buyer] (collectively, the "Buyer") transferring to Buyer all of Guarantor's ownership interest in Franchisee, subject to the terms and conditions thereof, which include, without limitation, the agreement by [Buyer or Guarantor] to pay CRF the required transfer and training fees;

WHEREAS, CRF has agreed to approve the **[assignment of the Franchise Agreement] [transfer of ownership interest in Franchisee]** contemplated by the Sale Agreement on the condition that Franchisee **[or Guarantor if Option 2]** release CRF as provided in this Release.

WHEREAS, Franchisee **[or Guarantor if Option 2]** desires to release CRF from certain obligations, claims, rights and privileges which may have accrued or been established between CRF and Franchisee **[or Guarantor if Option 2]** as a result of said Franchise Agreement and relative to the sale and purchase of the franchise rights granted in said Franchise Agreement to Franchisee **[or Guarantor if Option 2]**;

NOW THEREFORE, in consideration of the premises outlined in this Release and the payment of the required training and transfer fees from Buyer to CRF, it is agreed:

1. The provisions of the recital paragraphs outlined are incorporated by reference as if set out fully and shall have full force and legal effect.

2. CRF agrees to approve the **[assignment of the Franchise Agreement] [transfer of ownership interest in Franchisee]** contemplated by the Sale Agreement.

3. Franchisee and Guarantors **[only Guarantors if Option 2]** on behalf of themselves, their predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys do RELEASE AND FOREVER DISCHARGE CRF and its predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys and all persons or entities which might be liable from any and all actions, causes of action, claims, demands, damages, costs, expenses and compensation arising out of any event, known or unknown, occurring prior to the date of this Release and specifically, without restricting said Release, release each other from any and all actions, causes of action, claims, demands, damages, costs and expenses directly or indirectly arising out of (a) the Franchise Agreement and any performance required by any party thereunder; (b) any obligation to buy back or repurchase any franchise unit covered by the Franchise Agreement, or any property owned by either party, whether arising under the Franchise Agreement or otherwise; and (c) any facts, claims or representations of the sale of said Franchise Agreement to Franchisee.

4. This Release shall be binding upon and shall inure to the benefit of all parties to this Release, their heirs, executors, administrators, successors, and assigns, and parties agree for themselves and their heirs, executors, administrators, successors and assigns to execute any and all instruments and to perform any acts which may be necessary or proper to carry out the purpose of this Release.

5. This Release sets forth the entire understanding between the parties. No change or modification to this Release shall be valid unless made in writing and signed by all parties to this Release.

6. The provisions of this Release are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Release is for any reason held to be contrary to law or contrary to any rule or regulation having the force and effective law, such decision shall not affect the remaining provisions of this Agreement.

7. This Release may be executed in any number of copies, the copies of which shall be deemed an original, but all of which shall constitute one and the same Release.

8. This Release shall be governed by the substantive laws of the State of Michigan.

9. The terms hereof are contractual and not mere recitals and they state the entire agreement between the parties.

10. In the event any party to this Release makes a claim relating to any conflict, omission, or ambiguity in this Release, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Release was prepared by or at the request of a particular party or its counsel.

IN WITNESS WHEREOF, the parties have executed this Release the day and year first above written.

FRANCHISOR:	FRANCHISEE:
CITYROW FRANCHISE, LLC	(Corporate of LLC name)
By: _____	_____
~~Tom Lyons~~	
Managing Partner	President

,

Individually

EXHIBIT K

STATE ADDENDA

EXHIBIT K

STATE ADDENDA

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the Franchise Disclosure Document of **CITYROW FRANCHISE, LLC** for use in the State of California shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

"The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business."

2. The following language shall be added to the cover page immediately following the Federal Trade Commission disclosure:

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

3 The last paragraph of the cover page shall be amended to read as follows:

"Registration of this Franchise with any state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the California Department of Business Oversight, at any of its offices, including 320 West 4th Street, Suite 750, Los Angeles, California 90010-2344."

4. Item 3, under the heading "Litigation," shall be amended by adding the following language to the end of Item 3:

"Neither **CITYROW FRANCHISE, LLC**, nor any person identified in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in that association or exchange."

5. Item 6, "Other Fees" shall be amended under the entry "Interest" as follows:

Interest	Greater of 1 ½ % per month or 3% over prime rate per annum not to exceed maximum allowed by law. The maximum interest rate in California is 10% annually.	30 days after billing.	Interest is charged on any unpaid royalty, advertising, transfer and other fees not received by the date due.

6. Item 17(b), under the heading "Renewal or extension of term," shall be amended by the addition of the following language at the end of each Summary Section:

"The California Business and Professions Code (Sections 20000 through 20043) provide rights to the franchisee 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."

7. Item 17(f) under the heading "Termination by franchisor with cause" shall be amended by the addition of the following language at the end of each Summary Section:

"The California Business and Professions Code (Sections 20000 through 20043) provide rights to the franchisee 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."

8. Item 17(h) under the heading "'Cause' defined – non-curable defaults" shall be amended by the addition of the following language at the end of each Summary Section:

"This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)."

9. Item 17(r) entitled "Non-competition covenants after the Franchise is terminated or expires" shall be amended by the addition of the following language at the end of each Summary Section:

"Because the agreement contains a covenant not to compete which extends beyond the termination of the agreement, this provision may not be enforceable under California law."

10. Item 17(u) entitled "Dispute resolution by arbitration or mediation" shall be amended by the addition of the following language at the end of each Summary Section:

"The mediation will occur at Franchisor's headquarters in Ann Arbor, Michigan with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

11. Item 17(v) entitled "Choice of Forum" shall be amended by the addition of the following language at the end of each Summary Section:

"Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

12. Item 17(w) entitled "Choice of Law" shall be amended by the addition of the following language at the end of each Summary Section:

"This provision may not be enforceable in under California law."

13. Item 17 entitled "RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION" shall be amended by the addition of the following paragraphs at the end of each Summary Section:

"Section 31125 of the California Franchise Investment Law requires that **CITYROW FRANCHISE, LLC** give you a disclosure document, approved by the Department of Corporations, before a solicitation of a proposed material modification of an existing franchise.

The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee 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.

Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order under the California Franchise Investment Law. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

14. The following statement applies to our Internet website located at **www.cityrow.com**:

"OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.CORP.CA.GOV."

15. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF CALIFORNIA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in California of ~~July 29,~~ _____ ~~.2019.~~

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of California as follows:

1. Section 9 under the heading "DEVELOPMENT FEE" shall be amended by adding the following language:

"The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business."

2. Section 14 under the heading "TERMINATION" shall be amended by adding the following language to the end of Section 14:

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

Because this Agreement contains a covenant not to compete which extends beyond the termination of this Agreement, this provision may not be enforceable under California law."

3. Section 16.B under the heading "DEVELOPER MAY NOT ASSIGN OR SELL THE ASSETS WITHOUT APPROVAL OF THE FRANCHISOR" shall be amended by adding the following language to the end of Section 16.B:

"Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order under the California Franchise Investment Law. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

4. Section 21 under the heading "MEDIATION" shall be amended by adding the following language to the end of Section 21:

"The mediation will occur at Franchisor's headquarters in Ann Arbor, Michigan, with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

5. Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

"This provision may not be enforceable in under California law."

6. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

"Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Area Development Agreement simultaneously with the execution of the Area Development Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER:

By: _____
Name: _____
Title: _____

California Effective Date: ~~July 29, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** for use in the State of California as follows:

1. Section 11 under the heading "FRANCHISE FEES" shall be amended by add the following language:

"The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business."

2. Section 17.C under the heading "CONDITION FOR APPROVAL OF ASSIGNMENT" shall be amended by adding the following language to the end of Section 17.C:

"Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order thereunder. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

3. Section 18 under the heading "RENEWAL OF FRANCHISE" shall be amended by adding the following language to the end of Section 18:

"The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee 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.

Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order thereunder. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

4. Section 19 under the heading "POST-TERMINATION AND POST-EXPIRATION " shall be amended by adding the following language to the end of Section 19:

"The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee 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.

Because this Agreement automatically terminates in the event of a Franchisee bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)."

5. Section 21 under the heading "COVENANTS" shall be amended by adding the following language to the end of Section 21:

"Because this Section 21 contains a covenant not to compete which extends beyond the termination of this Agreement, this provision may not be enforceable under California law."

6. Section 22 under the heading "MEDIATION" shall be amended by adding the following language to the end of Section 22:

"The mediation will occur at Franchisor's headquarters in Ann Arbor, Michigan, with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

7. Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

"This provision may not be enforceable in under California law."

8. Section 23.J under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.J:

"Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an agreement restricting venue to a forum outside the state of California."

9. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR:

CITYROW FRANCHISE, LLC
By: _____
Name: _____
Title: _____

FRANCHISEE:
By: _____
Name: _____
Title: _____

California Effective Date: ~~July 29, 2019~~

STATE ADDENDA FOR CITYROW FRANCHISE, LLC

Illinois Addendum to FDD

The Cover Page, Item 5 and Item 7 will be amended to include the following language:

> "Based on our financial condition, the Illinois Attorney General's Office, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Franchised Business is open for business."

The Cover Page of the Franchise Disclosure Document, Items 1 and 2 under "Risk Factors" are amended by the addition of the following language:

> THIS PARAGRAPH SHALL NOT IN ANY WAY ABROGATE OR REDUCE ANY RIGHTS OF THE FRANCHISEE AS PROVIDED FOR IN THE ILLINOIS FRANCHISE DISCLOSURE LAW, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF ILLINOIS AND TO MAINTAIN VENUE IN THE STATE OF ILLINOIS.

Item 17.v. and Item 17.w. respectively "CHOICE OF FORUM" and "CHOICE OF LAW" shall be supplemented with the following:

> The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement or the Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.
>
> The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

Illinois Addendum to Franchise Agreement

Based on our financial condition, the Illinois Attorney General's Office, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Franchised Business is open for business.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State.

Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Illinois of ~~April 29, 2019~~.

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

Illinois Addendum to Area Development Agreement

Based on our financial condition, the Illinois Attorney General's Office, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Franchised Business is open for business.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State.

Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Illinois of ~~April 29, 2019~~.

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code (Sections 23-2-2.5-1 through 23-2-2.5-51), and the Indiana Deceptive Franchise Practices Act, Indiana Code (Sections 23-2-2.7-1 through 23-2-2.7-7), the Franchise Disclosure Document of **CITYROW FRANCHISE, LLC** for use in the State of Indiana shall be amended as follows:

1. The following language shall be inserted on the second page immediately following "Federal Trade Commission, Washington D.C. 20580":

Indiana Registered Agent:
Indiana Secretary of State
201 State House
Indianapolis, Indiana 46204

2. On the third page, the paragraph immediately following the language that begins "Registration of this franchise...." shall be deleted in its entirety and replaced with the following:

Registration of this Franchise with a state does not mean that the state recommends, or it has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Indiana Secretary of State, 201 State House, Indianapolis, Indiana 46204, which administers and enforces the Indiana Franchise Disclosure Act.

REGISTRATION WITH THE INDIANA SECURITIES COMMISSIONER DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.

3. Item 3, under the heading entitled "LITIGATION," shall be amended by deleting the paragraph in its entirety and substituting the following in lieu thereof:

Neither **CITYROW FRANCHISE, LLC,** nor any person identified in Item 2 above, has been convicted of a felony, pleaded nolo contendere to a felony charge or been held liable in a civil action by final judgment.

Neither **CITYROW FRANCHISE, LLC,** nor any person identified in Item 2 above, has during the past five years reorganized due to insolvency or been adjudicated as bankrupt.

Neither **CITYROW FRANCHISE, LLC,** nor any person identified in Item 2 above, has any administrative, criminal or material civil action pending against them alleging a violation of a franchise antitrust or securities law, unfair or deceptive practices, or comparable allegations.

Neither **CITYROW FRANCHISE, LLC,** nor any person identified in Item 2 above, is subject to any currently effective injunctive or restrictive order or decree relating to the Franchise or under a federal or state franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by any individual, a public agency or a department thereof.

4. Item 12, under the heading entitled "TERRITORY" shall be supplemented by the addition of the following language:

CITYROW FRANCHISE, LLC may not compete unfairly with you within the Site Selection Area granted to you by the Area Development Agreement or Franchise Agreement.

5. Item 17(q) and Item 17(r) shall be amended by the addition of the following language at the end of the subheadings entitled "Non-Competition covenants during the term of the franchise," and "Non-Competition covenants after the Franchise is terminated or expires:"

Your rights will not in any way be abrogated or reduced under Indiana Code 23-2- 2.7-1(9), which limits the scope of noncompetition covenants to the Site Selection Area granted to you.

6. Item 17, Subsection (v) entitled "Choice of Forum," shall be supplemented by the following language:

The Choice of Forum should not be considered a waiver of any right conferred upon any party by the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

7. Item 17, Subsection (w) entitled "Choice of Law," shall be supplemented with the following language:

The Choice of Law should not be considered a waiver of any right conferred upon any party by the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

8. The State Franchise Administrator in Indiana is:

Indiana Securities Commissioner
Securities Division
302 West Washington Street, Room E111
Indianapolis, IN 46204

9. The Agent for Service of Process in Indiana is:

Indiana Secretary of State
201 State House
Indianapolis, IN 46204

10. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Indiana Franchise Act, Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, are met independently without reference to this Addendum to the Franchise Disclosure Document.

11. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.

12. To the extent this Addendum shall be deemed to be inconsistent with the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF INDIANA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC. READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Indiana of ~~May 12, 2019~~.
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DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Indiana shall be amended as follows:

1. In the Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

2. Section 11 of the Area Development Agreement, under the heading entitled "COVENANTS" shall be supplemented with the addition of the following:

> The rights of Developer shall not in any way be abrogated or reduced under Indiana Code 23-2-2.7-1(9), which limits the scope of noncompetition covenants to the Site Selection Area granted in the Area Development Agreement.

3. No release language stated in the Area Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. Section 23.F, under the heading "GOVERNING LAW" and Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be supplemented by the addition of the following language:

> Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Act, Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, are met independently without reference to this Addendum.

7. To the extent this Addendum shall be deemed to be inconsistent with the Area Development Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER

By: _____
Name: _____
Title: _____

Indiana Effective Date: ~~May 12, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code (Sections 23-2-2.5-1 through 23-2-2.5-51), and the Indiana Deceptive Franchise Practices Act, Indiana Code (Sections 23-2-2.7-1 through 23-2-2.7-7), the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Indiana as follows:

1. Section 21.B.2 shall be supplemented by the addition of the following language:

   The rights of the Franchisee will not in any way be abrogated or reduced beyond Indiana Code 23-2-2.7-1(9), which limits the scope of noncompetition covenants to the Site Selection Area granted to the Franchisee.

2. Section 23.F, under the heading "GOVERNING LAW" and Section 22.J under the heading "EXCLUSIVE JURISDICTION" shall be supplemented by the addition of the following language:

   Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Indiana Franchises Law or the Indiana Deceptive Franchise Practices Act.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchises Law, title 23 Article 2 Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 to 23-2-2.7-7 are met independently without references to this Addendum.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC
By: _____
Name: _____
Title: _____

FRANCHISEE
By: _____
Name: _____
Title: _____

Indiana Effective Date: ~~May 12, 2019~~

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act, the Franchise Disclosure Document of **CITYROW FRANCHISE, LLC** for use in the State of Maryland shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

> "Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Facility is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens."

2. Item 17(h) under the heading "'Cause' defined – defaults which cannot be cured" shall be amended by the addition of the following language at the end of each Summary Section:

> "The provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

3. Item 17(v) entitled "Choice of Forum" shall be amended by the addition of the following language at the end of each Summary Section:

> "You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Item 17 entitled "RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION" shall be amended by the addition of the following paragraphs at the end of Item 17:

> "The general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

5. Exhibit G shall be amended by the addition of the following paragraph:

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

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF MARYLAND LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC. READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in ~~August 28, 2019.~~

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Maryland as follows:

1. The "Whereas" clauses on the first page shall be amended with the addition of the following language:

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

2. Section 9, under the heading "DEVELOPMENT FEE" shall be amended by adding the following language to the end of Section 9:

"Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Facility is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens."

3. Section 16.C, under the heading "TRANSFER OF INTEREST" shall be amended by adding the following language to the end of Section 16.C:

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

4. Section 20.G. under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 20.G:

"You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

5. Section 23.K, under the heading "CONSTRUCTION/INTEGRATION CLAUSE" shall be amended by adding the following language to the end of Section 23.K.:

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

6. Section 24 under the heading 'CAVEAT' shall be amended by adding the following language to the end if Section 24:

"The representations made in this Agreement requiring a franchisee to assent to a release, estoppel or waiver are not intended to, nor do they act as a release, estoppel or

waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By:_____
Name: _____
Title: _____

DEVELOPER

By:_____
Name: _____
Title: _____

Maryland Effective Date: ~~August 28, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of CITYROW FRANCHISE, LLC for use in the State of Maryland as follows:

1. The "Whereas" clauses on the first page shall be amended with the addition of the following language:

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

2. Section 11, under the heading "FRANCHISE FEES", shall be amended by adding the following language to the end of Section 11:

"Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Facility is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens."

3. Section 17.C. under the heading "CONDITIONS FOR APPROVAL OF ASSIGNMENT OR SALE OF ASSETS" shall be amended by adding the following language to the end of Section 17.C:

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

4. Section 18 under the heading "RENEWAL OF FRANCHISE" shall be amended by adding the following language to the end of Section 18:

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

5. Section 23.M. under the heading "CONSTRUCTION/INTEGRATION CLAUSE" shall be amended by adding the following language to the end of Section 23.M.:

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

6. Section 23.J. under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.J.:

"You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

7. Section 26 under the heading 'CAVEAT' shall be amended by adding the following language to the end if Section 26:

"The representations made in this Agreement requiring a franchisee to assent to a release, estoppel or waiver are not intended to, nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

9. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

10. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By:_____
Name: _____
Title: _____

FRANCHISEE:

By:_____
Name: _____
Title: _____

Maryland Effective Date: ~~August 28, 2019~~

NOTICE REQUIRED BY STATE OF MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees.

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

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our

subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building 525 W. Ottawa Street, Lansing, Michigan 48913, telephone number: (517) 373-7117.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the Franchise Disclosure Document of **CITYROW FRANCHISE, LLC** for use in the State of Minnesota shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

"Based on our financial condition, the Minnesota Department of Commerce, has required that payment of the initial franchise fee be deferred until you have completed your initial training and open your first Fitness Facility for business." 2. On a page following page i, the following language shall be inserted:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED IN THIS AGREEMENT IS TRUE, COMPLETE AND NOTE MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE SIGNING BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THIS FRANCHISE DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL CONTRACTS AND ALL AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE WITHOUT FIRST PROVIDING THIS FRANCHISE DISCLOSURE DOCUMENT TO THE PROSPECTIVE FRANCHISEE AT THE EARLIER OF (1) THE FIRST PERSONAL MEETING; OR (2) FOURTEEN CALENDAR DAYS BEFORE THE SIGNING OF ANY FRANCHISE OR RELATED AGREEMENT, OR (3) FOURTEEN CALENDAR DAYS BEFORE ANY PAYMENT. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN CALENDAR DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT.

IF THIS FRANCHISE DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT,

A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C.

3. On page iii, the first Risk Factor shall be deleted in its entirety.

4. On page iii, the second Risk Factor, which is now the first Risk Factor, shall be amended by inserting the following language at the end of the Risk Factor:

MINNESOTA STATUTES SECTION 80C.21 AND MINNESOTA RULE 2860J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

5. On page iii, the third Risk Factor shall become the second Risk Factor.

5. On page iii, the paragraph that begins "Registration of this franchise...." shall be deleted in its entirety and replaced with the following:

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, Minnesota 55101-2198.

7. Item 17, Subsection (c) and Item 17, Subsection (m) shall be amended by deleting the requirement of signing a general release as a condition of renewal and/or transfer and Franchise Agreement.

8 Item 17, Subsection (v) entitled "Choice of Forum," shall be supplemented by the following language:

This provision may not be enforceable in Minnesota.

9. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days' notice to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

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

10. The language in Exhibit E, State Administrators, shall be deleted in its entirety and replaced with the following:

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

11. The language in Exhibit F, Agents for Service of Process, shall be deleted in its entirety and replaced with the following:

Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

12. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Minnesota Franchise Act, Section 80C.01-80C.22 and the Minnesota Rule 2860.4400J, are met independently without reference to this Addendum to the Franchise Disclosure Document.

13. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.

14. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF MINNESOTA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Minnesota of ~~July 1, 2019.~~

DATE	PROSPECTIVE FRANCHISEE SIGNATURE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Minnesota as follows:

1. Section 9, under the heading "DEVELOPMENT FEE" shall be amended by adding the following language to the end of Section 9:

> "Based on our financial condition, the Minnesota Department of Commerce, has required that payment of the initial franchise fee be deferred until you have completed your initial training and open your first Fitness Facility for business."

2. Section 16.C(3) of the Area Development Agreement contains a provision providing for a general release as a condition of transfer of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

3. Section 23.C. of the Area Development Agreement is amended to add the word "seek" in front of the words "...injunctive relief..."

4. Section 23.C. of the Area Development Agreement is further amended by the addition of the following language at the end of the paragraph:

> "Franchisor shall be entitled, in addition to any other remedies, which is may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirements of this Area Development Agreement."

5. Section 23.F. of the Area Development Agreement is deleted and replaced with the following language:

> "To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the substantive laws (and expressly excluding the choice of law) of the State of Minnesota. However, under Minnesota Statutes Section 80C.21, this section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota."
>
> Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Section 23.G. of the Area Development Agreement is deleted in its entirety.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J are met independently without references to this Addendum.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

9. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By:_____
Name: _____
Title: _____

DEVELOPER:

By:_____
Name: _____
Title: _____

Minnesota Effective Date: ~~July 1, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** in the State of Minnesota as follows:

1. Section 7.F of the Franchise Agreement is modified by the addition of the following last sentence:

"Minnesota law requires **CITYROW FRANCHISE, LLC** to protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee for any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

2. Section 11, under the heading "FRANCHISE FEE", shall be amended by adding the following language to the end of Section 11:

"Based on our financial condition, the Minnesota Department of Commerce,- , has required that payment of the initial franchise fee be deferred until you have completed your initial training and open your first Fitness Facility for business."

3. Section 17.C(3) of the Franchise Agreement contains a provision providing for a general release as a condition of transfer of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

4. Section 18.C(6) of the Franchise Agreement contains a provision providing for a general release as a condition of renewal of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

54. Section 19 of the Franchise Agreement with respect to termination is amended to add the following paragraph:

"F. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement."

6. Section 23.C. of the Franchise Agreement is amended to add the word "seek" in front of the words "...injunctive relief..."

7. Section 23.F. of the Franchise Agreement is deleted, and the following language is substituted therefor:

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the substantive laws (and expressly excluding the choice of law) of the State of Minnesota. However, under Minnesota Statutes Section 80C.21, this section shall not in any way abrogate or reduce any rights of the Franchisee as provided for

in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

8. Section 23.J. of the Franchise Agreement is deleted in its entirety.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J are met independently without references to this Addendum.

10. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

Minnesota Effective Date: ~~July 1, 2019~~

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT FOR NEW YORK.

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law;

fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any
national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be
satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled
"Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions and according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, the Franchise Disclosure Document of **FOR CITYROW FRANCHISE, LLC** for use in the State of Washington shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

> "In lieu of an impound of franchise fees, the Franchisor will not accept the paying of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular and (b) is open for business."

2. The last paragraph of the cover page is revised to read as follows:

> **"Registration of this Franchise with any state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Washington State Department of Financial Institutions, Securities Division, Post Office Box 9033, Olympia, Washington 98507-9033."**

3. Item 17(m) under the heading "Conditions for franchisor approval of transfer by you" shall be amended by the addition of the following language at the end of each Summary Section:

> "Under Washington law, transfer fees are permissible only to the extent that they reflect the franchisor's reasonably estimated or actual costs in effecting a transfer. The general release does not include a release of your claims under the Washington Franchise Investment Protection Act."

4. Item 17(u) under the heading "Dispute resolution by arbitration or mediation" shall be amended by the addition of the following language the end of each Summary Section:

> "In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator."

5. Item 17(v) under the heading "Choice of forum" shall be amended by the addition of the following language at the end of each Summary Section:

"This provision may not be enforceable under Washington law. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail."

6. Item 17(w) under the heading "Choice of law" shall be amended by the addition of the following language at the end of each Summary Section:

"This provision my not be enforceable under Washington law. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail."

7. Item 17 entitled "RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION" shall be amended by the addition of the following paragraphs at the end of Item 17:

"The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise."

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator."

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

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

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, are independently met without reference to this Addendum. The additional disclosures shall have no force or effect if such jurisdictional requirements are not met.

9. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF WASHINGTON LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC . READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Washington of ~~October 22, 2019.~~

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, the undersigned parties agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC for** use in the State of Washington as follows:

1. Section 9, under the heading "DEVELOPMENT FEE" shall be amended by adding the following language to the end of Section 9:

"Fees under the Area Development Agreement shall be prorated and collected as each unit is opened."

2. Section 14, under the heading "TERMINATION", shall be amended by adding the following language to the end of Section 14:

"The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise."

3. Section 16, under the heading "TRANSFER OF INTEREST", shall be amended by adding the following language to the end of Section 17:

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

4. Section 22, under the heading "ARBITRATION", shall be amended by adding the following language to the end of Section 22:

"In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator."

5. Section 23.F. under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

"This provision may not be enforceable under Washington law. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail."

6. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

"This provision may not be enforceable under Washington law. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail."

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

The undersigned does hereby acknowledge receipt of this Addendum as an Exhibit to the Area Development Agreement with an effective date in Washington of _____ _____.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER

By: _____
Name: _____
Title: _____

ADDENDUM TO FRANCHISE AGREEMENT
CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, the undersigned parties agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Washington as follows:

1. Section 11, under the heading "FRANCHISE FEE", shall be amended by adding the following language to the end of Section 11:

> "In lieu of an impound of franchise fees, the Franchisor will not accept the paying of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular and (b) is open for business."

2. Section 17, under the heading "TRANSFER OF INTEREST", shall be amended by adding the following language to the end of Section 17:

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

3. Section 18, under the heading "RENEWAL OF FRANCHISE" and Section 19, under the heading "TERMINATION" shall be amended by adding the following language to the end of Section 18 and Section 19:

> "The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise."

4. Section 23, under the heading, "ENFORCEMENT" shall be amended by adding the following language to the end of Section 23:

> "In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonable restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable."

5. Section 23.G, under the heading "ARBITRATION" shall be amended by adding the following language to the end of Section 23.G.:

"In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator."

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Washington Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

The undersigned does hereby acknowledge receipt of this Addendum with an effective date in Washington of _____.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
Name: _____
Title: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF VIRGINIA

The State cover page, Item 5 and Item 7 of the FDD will be amended with the addition of the following language:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

Item 4 shall be supplemented by the addition of the following language:

Neither the franchisor, any predecessor, any affiliate, any general partner of the franchisor, any officer of the franchisor or any individual having management responsibility relating to the sale or operation of the franchise being offered has filed as a debtor (or had filed against it) a petition under a foreign bankruptcy or has obtained a discharge of its debts under a foreign bankruptcy code.

1. Item 17, Subsection (m), entitled "Conditions for franchisor approval of transfer," shall be amended by adding the following language at the end of each Summary Section:

2. The general release referred to above will exclude any claims under the Virginia Retail Franchising Act.

3. Item 17, Subsection (v) entitled "Choice of Forum," shall be supplemented by the following language at the end of each Summary Section:

> The Choice of Forum should not be considered a waiver of any right conferred upon any party by the Virginia Retail Franchising Act.

4. Item 17, Subsection (w) entitled "Choice of Law," shall be supplemented with the following language at the end of each Summary Section:

The Choice of Law should not be considered a waiver of any right conferred upon either the franchisee or upon the franchisor by the Virginia Retail Franchising Act.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder are independently met without reference to this Addendum. The additional disclosures shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF VIRGINIA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC. READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Virginia of ~~June 20, 2019.~~

DATE

PROSPECTIVE FRANCHISEE

_____

PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574, and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Virginia as follows:

1. Section 11 under the heading 'FRANCHISE FEES" shall be amended by adding the following language to the end of Section 11:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

> "Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

2. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

> "Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574, and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER

By: _____
Name: _____
Title: _____

Virginia Effective Date: ~~June 20, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Virginia as follows:

1. Section 9 shall be supplements by the addition of the following language to the end of Section 9:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

2. Section 17.C(3) shall be supplemented by the addition of the following language to the end of Section 17.C(3):

"provided however, such general release shall exclude claims under the Virginia Retail Franchising Act;"

3. Section 18.D(6) shall be supplemented by the addition of the following language to the end of Section 18.D(6):

"provided however, such general release shall exclude claims under the Virginia Retail Franchising Act."

4. Section 23.F, under the heading "Governing Law" and Section 23.J, under the heading "Exclusive Jurisdiction" shall be supplemented by the addition of the following language at the end of such sections:

"Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

5. Franchise Agreement shall be supplemented by the addition of a new Exhibit F, as follows:

General Release

«Month» «Day», «Year»
«PrsntOwnrCorpName»
«PrsntGuarnteel»
«PrsntGuarntee2»

Re: Transfer of Assets of CITYROW Fitness Facility franchised business

«RestAddCitySTZip»
«PrsntOwnrCorpName» to «NewOwnrCorpName»

Dear *«PrsntOwnrlstName»*:

CITYROW FRANCHISE, LLC ("PI") is a party to that certain Franchise Agreement with *«PrsntOwnrCorpName», «PrsntGuarnteel» and «PrsntGuarntee2»*, operating a CITYROW Fitness Facility franchised business at the above-captioned address.

This letter will acknowledge PI's' receipt of all royalties due and shall constitute PI's consent to the transfer by *«PrsntOwnrCorpName»*, *«PrsntGuarnteel»* and *«PrsntGuarntee2»* to *«NewOwnrCorpName»* under that certain Asset Purchase Agreement, dated *«Month» «Day», «Year»*. This consent refers both to the sale of the equipment and other assets at the Franchised Businesses and *«PrsntOwnrCorpName»*, *«PrsntGuarnteel»* and *«PrsntGuarntee2»* assignment of its lease for the premises at *«RestAddCitySTZip»*.

Upon closing of said transfer and assignment from *«PrsntOwnrCorpName»* to *«NewOwnrCorpName»*, the Franchise Agreement between *«PrsntOwnrCorpName»*, *«PrsntGuarnteel» «PrsntGuarntee2»* and PI is deemed terminated as of said date and neither of us shall have any further obligation to the other, except that *«PrsntOwnrCorpName»*, *«PrsntGuarnteel»* and *«PrsntGuarntee2»* as Guarantors, shall be bound by the post-termination covenants applicable to former franchisees of as described in Section 21 of the Franchise Agreement. Further, *«PrsntOwnrCorpName»*, *«PrsntGuarnteel»* and *«PrsntGuarntee2»* and CITYROW FRANCHISE, LLC mutually releases each other from claims and liabilities of any sort arising out of or relating to any inducements or representations which may have been made by either of them in connection with the sale and grant of the Franchise Agreement and further mutually release each other from any and all claims relating to the duties and obligations of the parties under the Franchise Agreement, or any claim of breach thereunder.

Very truly yours,

CITYROW FRANCHISE, LLC

By:_____
Name:
Title:

Accepted and Agreed to this *«Day» day of «Month» «Year»*.

By:_____ _____
«PrsntGuarnteel» President *«PrsntGuarntee2» Vice President*

_____ _____
«PrsntGuarnteel» *«PrsntGuarntee2»*

cc: *«NewOwnrCorpName»*
«newownrfullname»

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
Name: _____
Title: _____

Virginia Effective Date: ~~June 20, 2019~~

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WISCONSIN

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the Franchise Disclosure Document of **CITYROW FRANCHISE, LLC** for use in the State of Wisconsin shall be amended as follows:

1. The last full paragraph on the cover page shall be deleted in its entirety and replaced with the following paragraph:

> **"Registration of this Franchise with a state does not mean that the state recommends or it has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Commissioner of Securities, Madison, Wisconsin 53701."**

2. Item 17(b), under the heading entitled "Renewal or extension of term," shall be amended by the addition of the following language at the end of each Summary Section:

> "To the extent that the provisions regarding renewal described in this summary are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the renewal provisions will be superseded by the Wisconsin Fair Dealership Law's requirements and will have no force or effect."

3. Item 17(f) under the heading "Termination by franchisor with cause" shall be amended by the addition of the following language at the end of each Summary Section:

> "To the extent that the provisions regarding termination described in this summary are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law's requirements and will have no force or effect."

4. Item 17(v) under the heading "Choice of forum" shall be amended by the addition of the following language at the end of each Summary Section:

> "This provision may not be enforceable under Wisconsin law."

5. Item 17(w) under the heading "Choice of law" shall be amended by the addition of the following language at the end of each Summary Section

> "No provision of the Franchise or Area Development Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law."

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, are independently met without reference to this Addendum. The additional disclosures shall have no force or effect if such jurisdictional requirements are not met.

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF WISCONSIN LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF CITYROW FRANCHISE, LLC READ THIS ADDENDUM CAREFULLY.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Wisconsin of ~~March 16, 2019~~.

DATE	PROSPECTIVE FRANCHISEE
	PRINTED NAME

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WISCONSIN

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Wisconsin as follows:

1. Section 14 under the heading "TERMINATION" shall be supplemented by the addition of the following language to the end of Section 14:

> "To the extent that the provisions regarding termination are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law's requirements and will have no force or effect."

2. Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

> "This provision may not be enforceable under Wisconsin law."

3. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

> "No provision of this Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law."

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Protection Act. §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Wisconsin Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

5. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

DEVELOPER

By: _____
Name: _____
Title: _____

Wisconsin Effective Date: ~~March 16, 2019~~

ADDENDUM TO FRANCHISE AGREEMENT
FOR CITYROW FRANCHISE, LLC
REQUIRED BY THE STATE OF WISCONSIN

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **CITYROW FRANCHISE, LLC** for use in the State of Wisconsin as follows:

1. Section 18 under the heading "Renewal of Franchise" shall be supplemented by the addition of the following language to the end of Section 18:

> "To the extent that the provisions regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the renewal provisions will be superseded by the Wisconsin Fair Dealership Law's requirements and will have no force or effect."

2. Section 19 under the heading "Termination" shall be supplemented by the addition of the following language to the end of Section 19:

> "To the extent that the provisions regarding termination are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law's requirements and will have no force or effect."

3. Section 23.F, under the heading "GOVERNING LAW" shall be supplemented by the addition of the following language at the end of such section:

> "This provision may not be enforceable under Wisconsin law."

4. Section 23.J, under the heading "Exclusive Jurisdiction" shall be supplemented by the addition of the following language at the end of such section:

> "No provision of this Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law."

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

CITYROW FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
Name: _____
Title: _____

Wisconsin Effective Date: ~~March 16, 2019~~

EXHIBIT L

STANDARD INITIAL PACKAGE

EXHIBIT L

STANDARD INITIAL PACKAGE

(Unit quantities are based on the 1400 square foot model)

Rowing Equipment	
Water Rower	17
Manduka Mat	16
PRECORE EQUIPMENT	
5lbs(12 sets) 8lbs(12 sets) 10 lbs(10 sets) 12lbs(12 sets) 15lbs(12 sets) 20lbs(3 sets) 25lbs(3 sets)	1
Rack for Dumbbells	1
INSTORE DESIGN DISPLAY	
Retail Display	1
Cash Wrap	1
INDUSTRIAL BUILDING PRODUCTS	
16 Lockers - All metal with Digitech locks	1
Wood Benches	2
MERCHANDISE	
Retail -Package	1
AED	
Zogics Bundle Package - Philips HeartStart Onsite AED defibrillator Bundle	1
AV Package	1

EFFECTIVE DATES OF STATE REGISTRATIONS

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states:

State	Effective Date
California	Pending
Florida	Pending
Illinois	Pending
Indiana	Pending
Kentucky	Pending
Maryland	Pending
Michigan	April 30, 2020
Minnesota	Pending
Nebraska	Pending
New York	Pending
Texas	Pending
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

EXHIBIT M

RECEIPTS

EXHIBIT M

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

If we do not deliver this disclosure document on time or if it contains or false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is CITYROW FRANCHISE, LLC, located at 106 E. Liberty, Suite 310, Ann Arbor, Michigan 48104. Its telephone number is (734) 619-0919.

FTC Issuance Date: ~~March 31, 2019.~~April 30, 2020

See page iii for state effective dates.

The name, principal address and telephone number of each franchise seller offering the franchise:

Name	Principal Business Address	Telephone Number
~~Kurt Landwehr~~Sarah Peterson	~~7472 Kimberly Ct. North, Maple Grove, MN 55311~~1010 N. Florida Ave., Tampa, FL 33602	~~763 423 9995~~813-924-7950
~~Peter Barkman~~Robbin Mallory	~~230 Lehigh Drive, Richboro, PA 18954~~1010 N. Florida Ave., Tampa, FL 33602	~~215 354 2453~~813-642-6840
~~Jason Barclay~~	~~15716 Eagleview Drive, Charlotte, NC 28278~~	~~704 577 5302~~
~~Michael Mudd~~	~~17 Via Diego, San Clemente, CA 92673~~	~~949 201 9055~~
~~Angie Shaw~~Helaine Knapp	~~46 Mansion Ridge Blvd, Monroe~~1409 Third Avenue, New York, NY ~~10950~~10075	~~212 912 0511~~ 734-619-0919
~~Steve Lajiness~~	~~106 E. Liberty Rd., Ann Arbor, MI 48104~~	~~734 412 7217~~
~~Tony DeFeo~~	~~106 E. Liberty Rd., Ann Arbor, MI 48104~~	~~734 649 6792~~

CRF authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I received a disclosure document dated ~~March 31, 2019~~April 30, 2020, that included the following exhibits:

A. Financial Statements
B. Area Development Agreement
C. Franchise Agreement
D. State Administrators
E. Agents for Service of Process
F. Table of Contents of Manual
G. Disclosure Acknowledgement Agreement
H. Electronic Funds Transfer Authorization
I. List of Franchisees
J. General Release
K. State Addenda
L. Standard Initial Package
M. Receipts

Date	Signature	Printed Name

You may return the signed receipt either by signing, dating and mailing it to CITYROW FRANCHISE, LLC, 106 E. Liberty, Suite 310, Ann Arbor, Michigan 48104 or faxing a copy of the signed and dated receipt to CITYROW FRANCHISE, LLC at (734) ~~619-0919.~~808-0066.

KEEP THIS COPY FOR YOUR RECORDS

EXHIBIT M

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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~~Steve Lajiness~~	~~106 E. Liberty Rd., Ann Arbor, MI 48104~~	~~734 412 7217~~
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M. Receipts

Date	Signature	Printed Name

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RETURN THIS COPY TO CRF