FRANCHISE DISCLOSURE DOCUMENT

Clubstore Outlet LLC
A South Carolina limited liability company
55 Broad Street, Suite 400
Charleston SC 29401
843-277-2056
info@clubstoreoutlet.com
www.clubstoreoutlet.com

The franchised business is to be an area representative for Clubstore Outlet, which has a franchise system for retail stores that feature discounted quality merchandise from Costco and other retailers.

The total investment necessary to begin operation of a Clubstore Outlet franchise is $63,300 to $431,500. This includes $50,000 - $400,000 that must be paid to the franchisor or affiliate.

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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Amber Lynn Pennycuff at 55 Broad Street, Suite 400, Charleston SC 29401 and 843-277-2056.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as ''A Consumer's Guide to Buying a Franchise,'' which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: February 25, 2016; amended June 13, 2016

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit I 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 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 TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN SOUTH CAROLINA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN SOUTH CAROLINA THAN IN YOUR OWN STATE.

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

3. 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 this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following chart lists states require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	Pending
Hawaii	Not applicable
Illinois	Pending
Indiana	Not applicable
Maryland	Not applicable
Michigan	March 18, 2016
Minnesota	Pending
New York	Not applicable
North Dakota	Pending
Rhode Island	Not applicable
South Dakota	Pending
Virginia	Not applicable
Washington	Pending
Wisconsin	May 19, 2016

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

State	Effective Date
Connecticut*	Not applicable
Florida	September 11, 2015
Kentucky*	____________
Nebraska	Not applicable
Texas*	December 7, 2015
Utah	Not applicable

* One-time filing

We have filed a business opportunity registration in the following states:

State	Effective Date
Maine	Not applicable
North Carolina	March 29, 2016

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EXHIBITS

Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to Clubstore Outlet LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement (Exhibit B), which means that all of the franchise agreement's provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates.

Our name is Clubstore Outlet LLC. Our principal business address is 55 Broad Street, Suite 400, Charleston SC 29401. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names "Clubstore Outlet LLC" and "Clubstore Outlet". We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in South Carolina is Tapp A. Palmer, and the agent's principal business address is 55 Broad Street, Suite 400, Charleston SC 29401. Our agents for service of process in other states are disclosed in Exhibit I.

Business Organization

We are a limited liability company organized in South Carolina, organized May 13, 2015.

Our Business Activities

In addition to offering Area Representative rights, we franchise the Clubstore Outlet business. We have not offered franchises in other lines of business.

None of our affiliates has offered franchises in other lines of business.

The Business You Will Conduct

If you sign an Area Representative Agreement with us, you will have a territory in which you will act as our sales and support representative for franchised retail stores under the trade name Clubstore Outlet that feature quality surplus merchandise from Costco and other retailers, including shelf pulls, overstocks, damaged packaged items, and returned items. As an area representative, you will solicit prospective single-unit and multi-unit franchisees. If we sign a franchise agreement with a prospective franchisee, you will provide support before, during and after the franchisee begins operations.

The General Market

The general market for discount and surplus good stores is well developed. Our customers are primarily middle-to-upper income consumers, interested in discounted high-quality products. Sales are not seasonal.

The general market for area representative rights of franchises is relatively undeveloped.

Laws and Regulations

The offer and sale of franchises is regulated by the Franchise Rule of the Federal Trade Commission. The regulations require, among other things, that franchisor provide a Franchise Disclosure Document to prospect franchisees and comply with certain holding periods. The regulations also limit a franchise seller's ability to provide financial performance information and other data to prospective franchisees. Certain states have their own laws and regulations concerning the offer and sale of franchises, as well as the relationship between franchisors and franchisees. Although we (and not you) will be the franchisor of all Clubstore Outlet franchises, you must comply with all laws and regulations related to the offer and sale of franchises.

Competition

Clubstore Outlet franchisees compete against national chains, regional chains, and independent owners of retail stores, as well at retailers that operate via the internet and other methods. Some of these competitors are franchised. As an Area Representative, you will compete against other franchisors for qualified franchisees.

Item 2
BUSINESS EXPERIENCE

Tapp A. Palmer: Founder and Chief Executive Officer. Tapp Palmer has been our Founder and CEO in Charleston, South Carolina since 2015. He has also been CEO of Costless Overstocks Consulting Group, LLC in Mt. Pleasant, SC since January 2013. He was CEO of Costless Outlet, LLC in Mt. Pleasant, SC from January 2008 to December 2010. He was CEO of Island Overstocks, LLC from August 2010 to December 2012. He was Managing Partner of Costless Partners LLC in Charleston, SC from January 2010 to August 2010. He was CEO of Island Overstocks Consulting Group, LLC in Mt. Pleasant, SC from January 2009 to December 2012.

Amanda F. Shannon: Vice President of Public Relations and Marketing. Amanda Shannon has been Vice President of Public Relations and Marketing for us since 2015, and for our affiliate Costless Overstocks in Sullivan's Isle, South Carolina since February 2014. Shannon has also been owner of Aqua Facial Studio in Mt. Pleasant, South Carolina since March 2010.

Amber Lynn Pennycuff: Franchise Coordinator. Amber Lynn Pennycuff has been our Franchise Coordinator in Charleston, South Carolina, since November 2015. She was a Sports Report / Anchor for WACH Fox 57 in Columbia, South Carolina from August 2014 until November 2015. She was a Sideline Reporter for Scout.com in Columbia, South Carolina from May 2014 until December 2014. She was Sports Editor/Reporter for WilliamsonSource.com in Nashville, Tennessee from May 2013 until February 2014.

Pamela Currie: Franchise Advisor/Consultant. Pamela Currie has been our Franchise Advisor/Consultant in Atlanta, Georgia and Charleston, South Carolina since 2015. She has also been owner of Franchise Intellect, Inc., in Atlanta, Georgia since June 2009.

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

Territory Fee

When you sign your Area Representative Agreement, you must pay us an area representative territory fee which will generally range from $50,000 to $400,000. The amount of the area representative fee depends on the size and population of the territory, its demographic characteristics, and the number of Clubstore Outlet stores we believe the territory can sustain.

In 2015, fees paid by Area Representatives ranged from $50,000 to $70,000.

The area representative fee is payable in full upon execution of the Area Representative Agreement unless we and you agree on a deferred payment schedule. It is not refundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Non-compliance fee	$250	Upon demand	We may charge you $250 for any non-compliance with our system specifications or your area representative agreement. If such non-compliance is ongoing, we may charge you $250 per week until you cease such non-compliance.
Late fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	Upon demand	We may charge a late fee if you fail to make a required payment when due.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, $500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	$20,000	When transfer occurs	Payable if you sell your business.

Type of Fee	Amount	Due Date	Remarks
Indemnity	Our costs and losses from any legal action related to the operation of your area representative business	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your area representative business (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration) between you and us, the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform, although we reserve the right to change, waive, or eliminate fees for any one or more area representatives as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount (low)	Amount (high)	Method of payment	When due	To whom payment is to be made
Area Representative Fee (note 1)	$50,000	$400,000	Check or wire transfer	Upon signing agreement	Us
Real estate (note 2)	$0	$0	n/a	n/a	n/a
Computer, smartphone, software, peripherals, and office equipment (note 3)	$0	$2,500	Check or credit card	As incurred	Vendors

Type of expenditure	**Amount (low)**	**Amount (high)**	**Method of payment**	**When due**	**To whom payment is to be made**
Insurance	$1,000	$2,000	Check	Upon contracting for insurance	Insurance company
Organizational costs, licenses, professional fees	$1,000	$5,000	As arranged	As incurred	Lawyers, accountants, government
Travel, lodging and meals for initial training	$1,000	$2,000	Check or credit card	During training	Airlines, hotels, and restaurants
Additional funds (for first six months) (see Note 4)	$10,000	$20,000	Varies	As incurred	Vendors
Total	$63,300	$431,500			

Notes

1. We determine the amount of the initial area representative fee based on a variety of factors (see Item 5).

2. We estimate real property costs at zero because we expect you will initially operate as a home-based business or from your existing office.

3. You will need a computer, mobile phone, common office software, peripherals such as printer and scanner, and office equipment. The low ends assumes you already possess these items.

4. This includes any other required expenses you will incur before operations begin and during the initial period of operations. It does not include any payroll costs. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of businesses similar to Clubstore Outlet by Tapp A. Palmer and the advice of professional consultants regarding area representative businesses.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We may require you to purchase or lease all goods, services, supplies, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating your business (1) from us or our designee, (2) suppliers approved by us, or (3) according to our specifications.

Us or our Affiliates as Supplier

Neither we nor any affiliate is a supplier of any good or service that you must purchase.

Ownership of Suppliers

None of our officers owns an interest in any supplier to our area representatives.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you.

Issuing Specifications and Standards

We issue specifications and standards to you for the aspects of your business described above in this Item under "Specific Obligations". The specifications and standards are contained in our Manual, and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but not are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue To Us and Our Affiliates

We currently do not derive revenue from the required purchases and leases by you and other area representatives. However, the area representative agreement does not prohibit us from doing so.

Proportion of Required Purchases and Leases

We estimate that these required purchases and leases to establish your business is 0-10% of your total purchases and leases of goods and services to establish your business.

We estimate that these required purchases and leases to operate your business is 0-10% of your total purchases and leases of goods and services to operate your business.

Payments by Suppliers to Us

We do not receive payments from any designated suppliers based on purchases by you or other area representatives.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of area representatives. However, we may do so in the future.

Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	N/A	N/A
b. Pre-opening purchase/leases	§9.8	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	N/A	N/A
d. Initial and ongoing training	§§ 6.2, 9.9	Items 7 and 11
e. Opening	N/A	Items 7 and 11
f. Fees	§§ 4.1 – 4.3, 6.3, 11.2, 15.2, 16.1, 17.2	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 4.2, 6.4, 8.7, 9.1, 9.13, 10.1, 10.2, 11.1, 12.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12	Items 13 and 14
i. Restrictions on products/services offered	Article 8	Items 8, 11 and 16

Obligation	Section in agreement	Disclosure document item
j. Warranty and customer service requirements	Article 9	Item 8
k. Territorial development and sales quotas	Article 7	Item 12
l. Ongoing product/service purchases	N/A	N/A
m. Maintenance, appearance, and remodeling requirements	N/A	N/A
n. Insurance	§ 9.13	Items 6, 7 and 8
o. Advertising	§ 9.4	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6
q. Owner's participation/management/staffing	§§ 6.2, 9.9, 9.11	Items 15
r. Records and reports	§ 9.4, 9.5, Article 10	Item 11
s. Inspections and audits	§ 10.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	§ 13.2, 13.3, 14.3,	Item 17
w. Non-competition covenants	§ 13.1, 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10
FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business:

1. *Your Site.* We do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises.

2. *Hiring and training employees*. We do not assist you with hiring and training employees before you open for business.

3. *Necessary equipment, signs, fixtures, opening inventory, and supplies*. We do not assist you in obtaining equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. We do not provide these items directly. We do not deliver or install these items.

4. *Operating Manual*. We will give you access to our Operating Manual (Section 6.1).

Length of Time To Open

You are expected to begin operating your Area Representative business immediately upon signing the Area Representative Agreement.

Our Post-Opening Obligations

After you open your business:

1. *Developing products or services you will offer to your customers*. The area representative agreement does not obligate us to assist you in developing new products or services you will offer to your customers

2. *Hiring and training employees*. We do not assist you with hiring and training employees after you open for business.

3. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

4. *Establishing prices*. Not applicable.

5. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative,

bookkeeping, accounting, and inventory control. (Section 6.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

6. *Franchise Documentation*. We will maintain our Franchise Disclosure Document and any applicable registrations to offer franchises in your territory (Section 8.1 and Section 8.2).

7. *Awarding Franchises*. We will evaluate each prospective franchisee in your territory that completes our application process, and we will decide whether or not to grant a franchise to each such applicant. (Section 9.4)

8. *Website*. We will maintain a website to market franchise opportunities with Clubstore Outlet.

<u>Advertising</u>

1. *Our obligation*. We will maintain a website to market franchise opportunities with Clubstore Outlet. The area representative agreement does not obligate us to conduct advertising.

2. *Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

3. *Advertising council*. We do not have an advertising council composed of area representatives. The area representative agreement does not give us the power to form an advertising council.

4. *Local or Regional Advertising Cooperatives.* We do not have any local or regional advertising cooperative. The area representative agreement does not give us the power to form cooperatives.

5. *Marketing Fund*. We do not have a Marketing Fund for area representatives.

<u>Point of Sale and Computer Systems</u>

We do not require you to buy a point of sale system. You will need to own a computer with typical office software (such word processing and spreadsheets) and email, but we do not specify any particular type. We do not have access to your computer.

<u>Operating Manual</u>

See Exhibit E for the table of contents of our Operating Manual as of our last fiscal year end, with the number of pages devoted to each subject. The total number of pages in the manual is 165.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Welcome and Overview; Our Background, Vision, Mission and Core Values	2	0	Virtual, Charleston, or your address
Real Estate	1	0	Virtual, Charleston, or your address
Store Planning	2	0	Virtual, Charleston, or your address
Products and Purchasing	1	4	Classroom: Virtual, Charleston or your address On The Job: Clubstore location in Mississippi
Store Operations	1	22	Classroom: Virtual, Charleston or your address On The Job: Clubstore location in Mississippi
Management	0	4	Clubstore Outlet location in Mississippi
POS, Key Reports and Accounting	0	4	Clubstore Outlet location in Mississippi
Merchandising	0	4	Clubstore Outlet location in Mississippi
Marketing	0	2	Clubstore Outlet location in Mississippi
TOTALS:	8	40	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. The "classroom training" consists primarily teleconferences and remote training.

The instructional materials consist of the Operating Manual, discussions, and on-the-job demonstration and practice.

Training is overseen by Tapp A. Palmer. His experience is described in Item 2. He has seven years of experience in our industry, and seven years of experience with us or our affiliates.

There is no fee for up to two persons to attend training. You must pay the travel and living expenses of persons attending training.

You must attend training. You may send one additional person to training. You must successfully complete training to our satisfaction at least one week before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12
TERRITORY

Your Location

Your franchise is for a territory and not for a specific location. Your business address will be stated in your area representative agreement. Your primary address must be in your territory.

Grant of Territory

You will receive a protected territory which will be for entire state or region with at least 1 million people.

Relocation

You may relocate your business at any time, but your primary residence must always be in your territory.

Establishment of Additional Outlets

You do not have the right to establish additional franchised outlets or expand into additional territory.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional area representative businesses.

Limited Exclusivity; Alternate Channels of Distribution

We grant you an exclusive territory. In your territory, we will not license or franchise another party to act as our area representative.

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. You will receive your standard compensation for any Clubstore Outlet franchises that we sell in your territory (but you will not receive any compensation if we open any Clubstore Outlet stores ourselves).

The continuation of your territorial protection depends on you complying with a Minimum Development Schedule that is negotiated and agreed to in your area representative agreement. If you fail to do we, so may (i) fashion any remedy which we deem appropriate in order to complete and maintain the development of the territory; (ii) require you to attend additional training at your sole cost and expense; (iii) reduce your compensation from franchise royalties to 25% of royalties that we collect from franchisees in your territory until you comply with the development schedule, (iv) reduce your territory, and/or (v) terminate your agreement.

Soliciting By You Outside Your Territory

You will not receive any compensation for the sale of franchises outside of your territory.

Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that business sells or will sell goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13
TRADEMARKS

Applications

The following are the principal trademarks that we license to you.

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We filed an application for registration on the Principal Register of the United States Patent and Trademark Office for the following trademarks:

Trademark	Application Date	Identification Number
CLUBSTORE OUTLET	86635795	May 20, 2015
clubstore outlet	86636186	May 20, 2015

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

It is our intent and policy to protect your (and our) right to use the principal trademarks listed in this Item. However, we are not required to protect your right to use the principal trademarks listed in this Item. We are not required to protect you against claims of infringement or unfair competition arising out of your use of the trademarks.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This is includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include, all methods for developing and operating the business, the terms and conditions of our supplier contracts, and all non-public plans, data, financial information, processes, vendor pricing and vendor, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your owners and key employees to sign confidentiality agreements.

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

Your Participation

You are required to personally manage and participate in the direct operation and supervision of your business. You must designate one person as your "Principal Executive." The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 50% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The

Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Exhibit B).

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You act as our representative in the marketing of Clubstore Outlet franchises in your territory and soliciting prospective franchisees in your territory. You must follow all laws and regulations, and you must follow our procedures in offering franchises. We (and not you) enter into the franchise agreement with franchisees in your territory. We do not restrict your access to prospective franchisees.

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 franchise or other agreement**	**Summary**
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement
b. Renewal or extension of the term	§ 3.2	You may obtain successor franchise agreements for one additional 10 year term.

Provision	**Section in franchise or other agreement**	**Summary**
c. Requirements for franchisee to renew or extend	Not applicable	For our system, "renewal" means that at the end of your term, you sign our successor area representative agreement for one additional 10 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; sign then-current form of area representative agreement; agreed to reasonable additional development schedule; sign general release (unless prohibited by applicable law).
d. Termination by franchisee	§ 14.1	If we fail to make payments we owe to you and do not cure such failure within 30 days after notice from you.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	§ 14.2	
g. "Cause" defined--curable defaults	§ 14.2	Violate franchise agreement other than non-curable default (30 days to cure).

Provision	Section in franchise or other agreement	Summary
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us or a franchisee; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony or crime of moral turpitude, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; failure to make payment owed to us within 10 days of due date, any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3	Pay all amounts due; return Manuals and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; purchase option by us.
j. Assignment of agreement by us	§ 15.1	Unlimited
k. “Transfer” by franchisee – defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	No transfers without our approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current area representative agreement; you've made all payments to us and are in compliance with the agreement; buyer completes training program; you sign a general release.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	§§ 15.4	If you die or become incapacitated, your executor must transfer the business to a heir or other third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor (defined as a retail store specializing in discounted merchandise, or making more than 20% of its sales from discounted merchandise).
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, no ownership or employment by a competitor within a 5 mile radius from the boundary of your territory or within a 10 mile radius from any location operating on the date of termination.

Provision	Section in franchise or other agreement	Summary
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	The franchise agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. However, this does not disclaim the representations made by us in this disclosure document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Charleston, SC). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located (currently, Charleston, SC), or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located.
w. Choice of law	§ 18.8	South Carolina (unless other state law applies).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tapp A. Palmer, 55 Broad Street, Suite 400, Charleston, SC 29401, and 843-277-2056, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Area Representative Summary
For years 2013 to 2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Area Representatives	2013	0	0	0
	2014	0	0	0
	2015	0	3	+3
Company-Owned	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Total Outlets	2013	0	0	0
	2014	0	0	0
	2015	0	3	+3

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Number of Transfers

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2013	0
	2014	0
	2015	0

Table 3
Status of Franchised Outlets
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-Nations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Colorado	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	+1
Florida	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	+1
Mississippi*	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	+1
Totals	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	3	0	0	0	0	+3

* The territory of the Area Representative for Mississippi includes part of Tennessee.

Table 4
Status of Company-Owned Outlets
For years 2012 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
N/A							

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Totals	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0

Table 5
Projected Openings As Of Last Day of Last Fiscal Year

Column 1 State	Column 2 Area Rep Agreements Signed But Outlet Not Opened	Column 3 Projected Area Reps In The Next Fiscal Year	Column 4 Projected New Company-Owned Territories In the Next Fiscal Year
Florida	0	1	0
Georgia	0	1	0
Kentucky	0	1	0
Missouri	0	1	0
North Dakota	0	1	0
Totals	0	5	0

Current and Former Area Representatives

We do not have any current Area Representatives.

We do not have any former Area Representatives.

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

Confidentiality Agreements

We do not have any Area Representatives; therefore, no Area Representatives have signed confidentiality clauses in the last three fiscal years.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit D contains our audited financial statements as of December 31, 2015.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

A. Area Representative Agreement

B. Guaranty and Non-Compete Agreement

C. Form of General Release

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

AREA REPRESENTATIVE AGREEMENT

AREA REPRESENTATIVE AGREEMENT

SUMMARY PAGE		
1.	**Area Representative**	________________________________
2.	**Effective Date**	________________________________
3.	**Territory Fee**	$____________
4.	**Territory**	________________________________
5.	**Principal Executive**	________________________________
6.	**Address**	________________________________

<u>SC CODE 15-48-10 NOTICE: THIS CONTRACT IS SUBJECT TO ARBITRATION.</u>

AREA REPRESENTATIVE AGREEMENT

This Agreement is made between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising"), and Area Representative on the Effective Date.

Background Statement:

A. Clubstore Franchising has created and owns a system (the "System") for (1) developing and operating retail stores ("Stores") that offer discounted merchandise from Costco and other retailers under the trade name Clubstore Outlet™ ("Clubstore Outlet"), and (2) developing and operating an area representative business to sell and support franchisees of Clubstore Outlet.

B. The System includes (1) methods and procedures for developing and operating a Clubstore Outlet business, (2) plans, specifications, equipment, signage and trade dress for Clubstore Outlet businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) technical knowledge, (7) marketing plans and concepts, (8) a website, (9) accounting and bookkeeping specifications, (10) methods and standards of operation, (11) valuable relationships with suppliers, and (12) other mandatory or optional elements as determined by Clubstore Franchising from time to time.

C. Clubstore Franchising appoints certain persons who meet its standards and qualifications and who are willing to undertake special efforts (the "Area Representatives") to act as Clubstore Franchising's representative in a specific territory with respect to sales of Clubstore Outlet franchises ("Unit Franchises") and support of Clubstore Outlet franchisees ("Franchisees").

D. The parties desire that Clubstore Franchising license the Marks and the System to Area Representative for Area Representative to develop and operate an Area Representative Business in the Territory on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Business**" means the Clubstore Outlet area representative business owned by Area Representative and operated under this Agreement.

"**Competitor**" means any retail store specializing in (or receiving more than 20% of its gross sales from) discounted merchandise.

"**Confidential Information**" means all non-public information of or about the System, Clubstore Franchising, and any Clubstore Outlet business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

"**Location**" means the business address stated on the Summary Page.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Clubstore Franchising's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs 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.

"**Manual**" means Clubstore Franchising's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marks**" means the mark "Clubstore Outlet" and all other trade names, trademarks, service marks and logos specified by Clubstore Franchising from time to time for use in a Clubstore Outlet business.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Area Representative. If Area Representative is an individual person, then "Owner" means Area Representative.

"**System Standards For Area Representatives**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System related to Area Representatives, as determined by Clubstore Franchising, including without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, equipment, inventory, management, marketing and public relations, presentation of Marks, reporting, franchise sales techniques, franchisee support, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**System Standards For Stores**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System related to Stores, as determined by Clubstore Franchising, including without limitation, procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, management, marketing and public relations, operating hours, presentation of Marks, product offerings, quality of products and services, reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated on the Summary Page.

"**Transfer**" means for Area Representative (or any owner of Area Representative) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Clubstore Franchising grants to Area Representative the right to operate an Area Representative Business in the Territory. Area Representative accepts such grant and shall develop, open and operate the Business in the Territory for the entire term of this Agreement. The parties acknowledge that Area Representative must operate the Business to meet Clubstore Franchising's minimum System Standards for Area Representatives, but that the means of satisfying such System Standards are left to the control and discretion of Area Representative.

2.2 Exclusive Territory. In the Territory, Clubstore Franchising shall not establish, nor license the establishment of, (A) another Area Representative business, or (B) a business which is a Competitor. Clubstore Franchising retains the right to:

(i) establish and license others to establish and operate Area Representative businesses outside the Territory;

(ii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Clubstore Outlet Area Representative businesses or retail business.

(iii) solicit prospective Franchisees and support Franchisees in the Territory directly or through other third parties, so long as such activities do not prevent Area Representative from meeting its obligations under this Agreement;

(iv) receive inquiries from prospective Franchisees interested in establishing a Store franchise;

(v) own and operate Stores itself or through affiliates anywhere outside of the Territory;

(vi) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions to or from the Clubstore Outlet System; and

(vii) take any other action that Clubstore Franchising is not expressly prohibited from taking under this Agreement.

2.3 Area Representative Control. Area Representative represents that Schedule 1 (i) identifies each owner, officer and director of Area Representative, and (ii) describes the nature and extent of each owner's interest in Area Representative.

2.4 Principal Executive. Area Representative agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Area Representative. The Principal Executive must have at least 50% ownership interest in Area Representative. The Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Area Representative, or otherwise ceases to be the executive primarily responsible for the Business, Area Representative shall promptly designate a new Principal Executive, subject to Clubstore Franchising's reasonable approval.

2.5 Guaranty. If Area Representative is an entity, then Area Representative shall have each Owner sign a personal guaranty of Area Representative's obligations to Clubstore Franchising, in the form specified by Clubstore Franchising.

2.6 No Conflict. Area Representative represents to Clubstore Franchising that Area Representative and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Renewal. Area Representative may renew this Agreement for one additional term of 10 year each, if:

(i) Area Representative notifies Clubstore Franchising of the intent to renew between 6 and 12 months before the end of the initial term;

(ii) Area Representative complied with the Development Schedule and otherwise did not default under this Agreement during the initial term;

(iii) Area Representative and Clubstore Franchising mutually agree on a reasonable schedule for additional development of Stores in the Territory; and

(iv) Area Representative signs a general release of liability of Clubstore Franchising and its owners, officers, employees, and affiliates, in a form acceptable to Clubstore Franchising.

ARTICLE 4. FEES PAYABLE TO CLUBSTORE FRANCHISING

4.1 Territory Fee. Upon signing this Agreement, Area Representative shall pay to Clubstore Franchising the territory fee in the amount stated on the Summary Page. This territory fee is not refundable.

4.2 Non-Compliance Fee. Clubstore Franchising may charge Area Representative $250 for any instance of non-compliance with the System Standards or this Agreement. If such non-compliance is ongoing, Clubstore Franchising may charge Area Representative $250 per week until Area Representative ceases such non-compliance. This non-compliance fee is in addition to all of Clubstore Franchising's other rights and remedies.

4.3 Payment Terms.

(a) Late Fees and Interest. If Area Representative does not make a payment when due, Area Representative shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(b) Costs of Collection. Area Representative shall repay any costs incurred by Clubstore Franchising (including reasonable attorney fees) in attempting to collect payments owed by Area Representative.

ARTICLE 5. COMPENSATION OF THE AREA REPRESENTATIVE

5.1 Sources. So long as Area Representative is not in default of this Agreement, Clubstore Franchising will pay Area Representative following amounts from payments actually received by Clubstore Franchising from Unit Franchisees in the Territory:

(i) 50% of Initial Franchise Fees;

(ii) 50% of Set-Up Fees;

(iii) 50% of Territory Fees; and

(iv) 50% of royalty fees.

If Clubstore Franchising does not actually receive payment from a Franchisee in the Territory for any reason, then Clubstore Franchising shall not owe any portion thereof to Area Representative. Clubstore Franchising has no obligation to compensate Area Representative for any payments received from Franchisees outside of the Territory. Clubstore Franchising has no obligation to pay compensation to Area Representative based on any fees or payments received from Franchisees other than those specifically described in this Section.

5.2. Payment Terms. During the term of this Agreement, Clubstore Franchising will pay Area Representative the amounts stated in Section 5.1 with respect to revenues collected in any given calendar month within 15 days after the end of such month.

5.3 Setoffs. If Area Representative owes any amount to Clubstore Franchising, then Clubstore Franchising may deduct such amount from compensation Clubstore Franchising owes Area Representative. Area Representative has no right to withhold payments due Clubstore Franchising on account of its breach or alleged breach of this Agreement, and has no right to offset any amount due Clubstore Franchising against any obligation that Clubstore Franchising may owe Area Representative.

5.4 Refunds. If Clubstore Franchising refunds or returns all or any portion of a fee paid to by a Unit Franchise in the Territory, then Area Representative must reimburse 50% of such refund to Clubstore Franchising.

5.5 Authority. Clubstore Franchising has the sole and absolute authority to determine whether or not to charge particular fees, whether or not to pursue collection efforts on unpaid fees, what type of collection efforts to utilize, and whether to waive, write-off or forgive payments due from Franchisees in the Territory. Clubstore Franchising has the sole and absolute discretion to apply payments received from a Franchisee against any debt owed to Clubstore Franchising, regardless of any designation by the payor. Without limiting the generality of the foregoing, if Clubstore Franchising incurs any costs of collection with respect to amounts owed by Franchisee's in the Territory, such costs shall be deducted from payments received from a Franchisee before calculating Area Representative's share.

5.6 Broker Commissions. Any broker commissions and others costs of sales incurred by Clubstore Franchising shall be deducted from payments received from a Franchisee before calculating Area Representative's share.

5.7 No Income From System. Area Representative shall not directly or indirectly solicit or accept any payment or other type of compensation (including real estate commissions, discounts, rebates or the like) from Franchisees or any other party in connection with selling, providing, brokering or assisting in the sale of goods or services to Franchisees, or otherwise in connection with the Business or the System.

5.8 Stores Owned by Area Representative. This Agreement does not grant Area Representative the right (or impose the obligation) to open or operate Stores. Area Representative shall have such right and obligation only pursuant to one or more Franchise Agreements executed by Clubstore Franchising and Area Representative. If Area Representative signs a Franchise Agreement and operates a Store, Area Representative shall pay all fees required thereunder to Clubstore Franchising, which shall in turn pay Area Representative its portion thereof pursuant to Section 5.1 of this Agreement provided that Area Representative is not in default under this Agreement or the franchise agreement; and provided, further, that Area Representative shall not receive payment under Section 5.1 with respect to initial franchise fees, setup fees, or territory fees for its first Store.

ARTICLE 6. FRANCHISOR'S OBLIGATIONS

6.1 Manual. Clubstore Franchising shall make its Manual available to Area Representative.

6.2 Training Program. Clubstore Franchising shall make available its standard Store training to the Principal Executive, at Clubstore Franchising's headquarters and/or at a Clubstore

Outlet business designated by Clubstore Franchising. Clubstore Franchising shall not charge any fee for this training. Area Representative is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. The Principal Executive must complete the initial training program to the satisfaction of Clubstore Franchising.

6.3 Advice, Consulting, and Support. If Area Representative requests, Clubstore Franchising will provide advice to Area Representative (by telephone or electronic communication) regarding improving and developing Area Representative's Business, and resolving operating problems Area Representative encounters, to the extent Clubstore Franchising deems reasonable. If Clubstore Franchising provides in-person support in response to Area Representative's request, Clubstore Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

6.4 Procedures. To the extent it deems appropriate, Clubstore Franchising will provide Area Representative with Clubstore Franchising's recommended administrative, bookkeeping, and accounting procedures. Clubstore Franchising may make any such procedures part of required (and not merely recommended) System Standards for Area Representative.

6.5 Website. Clubstore Franchising will maintain a website to market franchise opportunities with Clubstore Outlet.

ARTICLE 7. DEVELOPMENT SCHEDULE

7.1 Minimum Development. Area Representative's rights under this Agreement are contingent on Area Representative causing at least the number of Unit Franchises described on the development schedule attached as Schedule 2 (the "Minimum Development Schedule") to open and continue operating in the Territory. Area Representative must replace any Unit Franchise that terminates, expires, or otherwise that closes in the Territory, if necessary to satisfy the Minimum Development Schedule. Stores owned by Clubstore Franchising and Stores owned by Area Representative (or any affiliate thereof) will count towards the Mandatory Development Schedule. Area Representative agrees that the Minimum Development Schedule is a fair and reasonable time frame for the development of Unit Franchises in the Territory.

7.2 Exceeding Minimum Development Obligations. Area Representative may cause more Unit Franchises to develop and open in the Territory than specified by the Minimum Development Schedule. The sale and opening of Unit Franchises in excess of the minimum number required in any year will be credited to any subsequent year.

7.3 Remedies. If Area Representative fails to meet the Mandatory Development Schedule, then Clubstore Franchising will have the right, in its sole discretion, to exercise any one or more of the following remedies:

(i) fashion any remedy which Clubstore Franchising deems appropriate in order to complete and maintain the development of the Territory;

(ii) require Area Representative to attend additional training at its sole cost and expense;

(iii) reduce Area Representative's compensation from franchise royalties to 25% of royalties that Clubstore Outlet collects from Unit Franchisees in the Territory (including Stores owned by Area Representative or its affiliates) during any period that Area Representative is not in compliance with its obligations under the Minimum Development Schedule;

(iv) reduce the Territory to an area that Clubstore Franchising deems appropriate, which may result in ending Area Representative's rights to service and received Royalty Compensation from some Unit Franchises that were formerly in the Territory; or

(v) terminate this Agreement in accordance with its terms.

ARTICLE 8. DISCLOSURE AND REGISTRATION

8.1 Franchise Documentation. Clubstore Franchising offers Unit Franchises through a set of documents, including a franchise agreement, franchise disclosure document and related or ancillary agreements necessary to offer or sell franchises, or register the franchises in compliance with state and federal franchise or business opportunity laws (the "Documentation"). Area Representative shall review and become familiar with all Documentation. Clubstore Franchising may amend or review Documentation at any time in its sole discretion. Clubstore Franchising will promptly provide copies of any revised Documentation to Area Representative.

8.2 Registration. If Area Representative activities require the preparation, amendment, registration or filing of any Documentation or other documents under applicable franchise, business opportunity or related laws, then Area Representative shall not solicit prospective Franchisees until Clubstore Franchising has: (i) registered the franchise in the applicable jurisdictions; (ii) provided Area Representative with the Documentation necessary for it to solicit prospective Franchisees; and (iii) notified Area Representative that the registration is in effect. Area Representative must stop soliciting prospective Franchisees immediately at any time after notice from Clubstore Franchising that the registration of the franchise is not then in effect or the Documentation is not in compliance with applicable law. Clubstore Franchising shall prepare the Documentation and file any materials to be registered with any state regulatory agency, at its own expense.

8.3 Delays. If for 90 or more consecutive days (1) Clubstore Franchising has not completed the annual update of the Franchise Disclosure Document by the legal deadline, or (2) if Clubstore Franchising is required, but has not filed applications to offer and sell Unit Franchises in any state in the Territory that requires franchise sales registration by the applicable deadline, then the Minimum Development Schedule will be modified to provide Area Representative with additional time (on a pro rata basis) for to comply with the Minimum Development Schedule.

8.4. Information Requirements. In connection with soliciting prospective Franchisees in the Territory, Area Representative shall comply with and assist Clubstore Franchising to comply with all applicable legal requirements. Among other things, Area Representative agrees to:

(i) provide to Clubstore Franchising all information reasonably required by Clubstore Franchising to prepare and maintain all Documentation, including requisite franchise disclosure documents and ancillary documents needed for the offering of Unit Franchises in the Territory;

(ii) sign and return to Clubstore Franchising all reasonably requested Documentation for the purpose of registering the offer of Unit Franchises in the Territory; and

(iii) review all Documentation materials Clubstore Franchising prepares.

8.5 Broker Registration. Area Representative (and, if necessary, its owners, directors and officers) will register and/or obtain licensure as a franchise broker, real estate broker, business broker or otherwise in any jurisdiction in which it is required to do so, and maintain such registrations or licenses throughout the term of this Agreement, at its own cost and expense. Area Representative shall not solicit prospective Franchisees until any such required registration or license is effective and Area Representative has provided proof thereof to Clubstore Franchising.

8.6 Third Party Brokers. Area Representative shall not engage or utilize any franchise brokers for any reason without Clubstore Franchising's prior written approval.

8.7. Compliance. Area Representative shall comply with all applicable federal and state laws, rules and regulations governing the offering of franchises in the Territory. Area Representative will comply with all System Standards for Area Representatives. Without limiting the generality of the foregoing, Area Representative shall:

(i) furnish to prospective Franchisees only the Documentation designated by Clubstore Franchising, including the then-current form of franchise disclosure document authorized by Clubstore Franchising for use within the Territory, along with such promotional material approved by Clubstore Franchising;

(ii) comply with all requirements for timing of delivery of the Documentation and obtaining and delivering to Clubstore Franchising the original signed acknowledgment of receipt for each franchise disclosure document delivered to any prospective franchisee;

(iii) make no representations or other statements that conflict with any of the information contained in the franchise disclosure document delivered to the prospective Franchisee;

(iv) make no earnings claims, financial performance representations or projections (including comments on any projections prepared or provided by prospective Franchisees), and provide no information with regard to sales, revenues, income, costs or expenses relating to any Store unless in accordance with applicable law and the provisions of the franchise disclosure document to be provided to prospective Franchisees;

(v) promptly notify Clubstore Franchising of any material information or event may require disclosure in the franchise disclosure document;

(vi) use, display, publish and distribute for purposes of soliciting prospective Franchisees, only advertising, marketing and promotional materials that Clubstore Franchising has approved as acceptable for use in the Territory;

8.8 Reports. If requested, Clubstore Franchising will provide Area Representative with copies of correspondence, reports and data issued by each Franchisee in the Territory to Clubstore Franchising (the "Reports") if: (i) Clubstore Franchising determines them to be useful to Area Representative's operation of its Business; and (ii) the Reports are the type of information which Franchisees provide to Clubstore Franchising under their Franchise Agreements. Clubstore Franchising will also report to Area Representative sufficient data with each compensation payment to enable Area Representative to verify the amounts payable. Upon request of Area Representative, Clubstore Franchising will provide appropriate documentation to verify amounts due to Area Representative from Clubstore Franchising under this Agreement.

8.9 Franchise Agreements. Area Representative has no authority to make any changes, additions or deletions of any kind to the Franchise Agreement, nor to negotiate any terms or conditions of a Franchise Agreement. Area Representative has not authority to enter into Franchise Agreements on behalf of itself or Clubstore Franchising. Franchise Agreements and any ancillary agreements are not binding on Clubstore Franchising until Clubstore Franchising executes the same, and Clubstore Franchising can refuse to do so in its sole discretion.

ARTICLE 9. DUTIES OF THE AREA REPRESENTATIVE

9.1 Compliance With Manual and System Standards. Area Representative shall at all times and at its own expense comply with all System Standards for Area Representatives, all applicable System Standards for Stores, and with all other mandatory obligations contained in the Manual.

9.2 Compliance With Law. Area Representative and the Business shall comply with all laws and regulations. Area Representative and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

9.3 Fulfillment of Franchisor's Duties. Area Representative shall fulfill the obligations of Clubstore Franchising under the Franchise Agreement for each Franchisee in the Territory, except (i) obligations with respect to supply chain, and (ii) other obligations which Clubstore Franchising expressly reserves to itself.

9.4 Recruiting Franchisees.

A. Generally. Area Representative shall advertise for, recruit, solicit and screen prospects for Unit Franchises within the Territory according to the standards, policies and procedures of Clubstore Franchising. All advertising and marketing activities (including lead generation services) of Area Representative are subject to the prior approval of Clubstore Franchising. Area Representative shall institute all required advertising and marketing in the Territory that Clubstore Franchising reasonably requires, at Area Representative's expense.

B. Referrals. Clubstore Franchising shall refer to Area Representative all information received from qualified prospective Franchisees who want to operate Unit Franchises within the

Territory. Area Representative shall send to Clubstore Franchising all information that Area Representative receives from prospective Franchisees who want to operate Unit Franchises outside of the Territory.

C. Brokers. Area Representative shall, at its own expense, utilize any brokers or sales agents designated by Clubstore Franchising.

D. Application Process. Area Representative shall use only the application forms and other documents specified by Clubstore Franchising (the "Application") for each prospect that wants to purchase a Unit Franchise (an "Applicant"). Clubstore Franchising may require Area Representative, at its own expense, to complete the solicitation and background investigation of such Applicant and all character profiles and other procedures Clubstore Franchising requires from time to time. Area Representative shall maintain records of all contacts with all prospects for Unit Franchises regardless of whether the prospect rises to the level of an Applicant. Area Representative shall provide to Clubstore Franchising written progress reports as requested from time to time. Area Representative shall promptly submit all Applications for Unit Franchises that Area Representative receives to Clubstore Franchising.

E. Approval of Applicants. Clubstore Franchising shall evaluate all Applicants and shall determine (in its sole discretion) whether or not to grant a Unit Franchise to an Applicant.

9.4. Franchise Training. Area Representative shall cooperate with Clubstore Franchising in providing training to Franchisees in the Territory.

9.5 Site Selection and Development. Area Representative shall consult with and advise Franchisees regarding site selection and lease negotiations for the Unit Franchise. Area Representative shall assist in supervising the construction, build-out and inventory stocking for the Stores in the Territory, and to complete and timely submit to Clubstore Franchising any checklists, progress reports or other forms that Clubstore Franchising requires from time to time. Area Representative shall follow all procedures of Clubstore Franchising with respect to site selection, lease negotiation, construction, build-out, and stocking.

9.6 Franchise Support and Supervision.

Area Representative shall provide operational support and supervision to Franchisees in the Territory (i) in the same manner and at least to the same extent as Clubstore Franchising provides to Franchisees in areas without an area representative, and (ii) in accordance with the directions, standards and requirements of Clubstore Franchising. Area Representative shall use best efforts to ensure that all Franchisees in the Territory comply with System Standards for Stores and their franchise agreements, properly represent the System, and are financially successful. Area Representative shall give prompt, courteous and efficient service to Franchisees, and to be governed by the highest ethical standards of fair dealing and honesty when dealing with the public and all members of the System in order to preserve and enhance the identity, reputation and goodwill built by the System. Area Representative shall not single out any Franchisee in the Territory for special consideration or treatment without reasonable justification. Area Representative's support and supervision of Unit Franchises in the Territory shall include, but not be limited to (A) consultation and assistance with regard to the commencement of business operations of the Unit Franchise; (B) providing supplemental and on-going general training, updates and assistance on all material aspects of the operation of the Unit Franchise, as needed; (C) periodic and regular telephone calls, emails, and visits to monitor operations of the Unit Franchises; (D) periodic contacts with customers and clients of each Unit Franchise; (E) advising Franchisees regarding procedures, recruitment, advertising and promotion, and financial analysis, (F) investigating and resolving customer complaints, and (G) conducting inspections and reporting such inspections to Clubstore Franchising.

9.7 Personnel. Area Representative is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Area Representative is solely responsible for paying its personnel. Area Representative is solely responsible for all actions of its personnel. Area Representative and Clubstore Franchising are not joint employers, and no employee of Area Representative will be an agent or employee of Clubstore Franchising.

9.8 Products and Programs. Area Representative shall use the equipment, products, supplies, materials, and software programs required by Clubstore Franchising.

9.9 Training and Meetings. The Principal Executive and any other employees of Area Representative shall attend and complete such ongoing training as Clubstore Outlet may require, at Area Representative's expense. The Principal Executive shall attend all in-person meetings and remote meetings (such as telephone conference calls) that Clubstore Franchising requires, including any national or regional brand conventions.

9.10 Prohibited Practices. Area Representative shall not: (i) engage in any practice which would tend to give preference to or show commercial favoritism toward any Franchisee over any other Franchisee; (ii) enter into any relationships with a Franchisee in the Territory or others that may result in a conflict of interest with Area Representative's obligations as hereunder; or (iii) provide any financing or financial assistance to any Franchisee nor potential Franchisee, including (but not limited to) loans, guarantees, purchasing equipment or product, or otherwise.

9.11 Active Participation. Area Representative acknowledges that the Business is not a passive investment, but rather is a business that is dependent upon Area Representative's independent efforts, business judgment, initiative, administrative, leadership and other skills, as well as market conditions. Area Representative shall cause the Principal Executive to (i) devote substantial time to the Business, (ii) familiarize himself or herself thoroughly with the standards and methods of operation under the System, (iii) render assistance to and cooperate with Clubstore Franchising and other Area Representatives and Franchisees, (iv) devote best efforts to fulfill the Minimum Development Schedule, comply with all obligations hereunder, and assist all Franchisees in the Territory to attain commercial success.

9.12 Closed Unit Franchises. Area Representative shall assist Clubstore Franchising without charge to reopen, sell or permanently de-image any Stores in the Territory that close during the term of this Agreement.

9.13 Insurance.

(a) Area Representative shall obtain and maintain insurance policies in the types and amounts as specified by Clubstore Franchising in the Manual. If not specified in the Manual, Area Representative shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(iii) Workers Compensation coverage as required by state law.

(b) Area Representative's policies must list Clubstore Franchising and its affiliates as an additional insured and the policies must stipulate that Clubstore Franchising shall receive a 30 day prior written notice of cancellation. Area Representative shall provide Certificates of Insurance evidencing the required coverage to Clubstore Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Clubstore Franchising.

9.14 Public Relations. Area Representative shall not make any public statements (including giving interviews or issuing press releases) regarding Clubstore Outlet, the Business, or any particular incident or occurrence related to the Business, without Clubstore Franchising's prior written approval.

9.15 Association With Causes. Area Representative shall not in the name of the Business or Clubstore Outlet (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Clubstore Franchising's prior written approval (which will not be unreasonably withheld).

9.16 Relocation. Area Representative may change its Location if it gives at least 30 days prior written notice to Clubstore Franchising. The Principal Executive must live in the Territory.

9.17 Identification. Area Representative must identify itself as the independent owner of the Business at all times.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Area Representative shall use such customer data management, sales data management, administrative, bookkeeping, and accounting procedures and systems as Clubstore Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Area Representative shall provide such periodic financial reports as Clubstore Franchising may require in the Manual or otherwise in writing, including:

(i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of Clubstore Franchising's fiscal year, and

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Clubstore Franchising's fiscal year.

(b) Legal Actions and Investigations. Area Representative shall promptly notify Clubstore Franchising of any Action or threatened Action by any customer or other third party against Area Representative or the Business, or otherwise involving the Area Representative or the Business. Area Representative shall provide such documents and information related to any such Action as Clubstore Franchising may request.

(c) Other Information. Area Representative shall submit to Clubstore Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Clubstore Franchising may reasonably request.

(d) Communications. Area Representative shall keep accurate records concerning all transactions and communications between Clubstore Franchising, Area Representative and Franchisees.

(e) Review. Clubstore Franchising shall have the right at all reasonable hours to examine all such records of Area Representative related to the Business. Area Representative shall keep such records for at least five years after the termination or expiration of this Agreement.

ARTICLE 11. CLUBSTORE FRANCHISING RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Clubstore Franchising. Clubstore Franchising may supplement, revise, or modify the Manual, and Clubstore Franchising may change, add or delete System Standards at any time in its discretion. Clubstore Franchising may inform Area Representative thereof by any method that Clubstore Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Clubstore Franchising's master copy will control.

11.2 Clubstore Franchising's Right To Cure. If Area Representative breaches or defaults under any provision of this Agreement, Clubstore Franchising may (but has no obligation to) take any action to cure the default on behalf of Area Representative, without any liability to Area Representative. Area Representative shall reimburse Clubstore Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.3 Innovations. Area Representative shall disclose to Clubstore Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Area Representative, its employees, agents or contractors. Clubstore Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Area Representative.

11.4 Delegation. Clubstore Franchising may delegate any of its duties or obligations under this Agreement to a third party.

11.5 System Variations. Clubstore Franchising may vary or waive any System Specification for any one or more Clubstore Outlet franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any other condition relevant to the performance of a franchise or group of franchises. Area Representative is not entitled to the same variation or waiver.

11.6 Decisions Regarding the System. Anything in this Agreement to the contrary notwithstanding, Clubstore Franchising has the sole right and discretion to make any and all decisions regarding the System, including without limitation to (i) approve applicants as Franchisees and grant franchises, (ii) negotiate any terms of a Franchise Agreement, including discounted fees and royalties, (iii) authorize a Store opening; (iv) approve (or reject) vendors, (v) take any action (or no action) with respect to a breach of a Franchise Agreement or violation of the System by a Franchisee, (vi) terminate a Franchisee, or (vii) modify the System.

ARTICLE 12. MARKS

12.1 Authorized Marks. Area Representative shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Area Representative shall use all Marks specified by Clubstore Franchising, and only in the manner as Clubstore Franchising may require. Area Representative has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Area Representative and any goodwill associated with the Marks, including any goodwill arising due to Area Representative's operation of the Business, will inure to the exclusive benefit of Clubstore Franchising.

12.2 Change of Marks. Clubstore Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Clubstore Franchising makes any such change, Area Representative must comply with the change, at Area Representative's expense.

12.3 Infringement. Area Representative shall promptly notify Clubstore Franchising if Area Representative becomes aware of any possible infringement of a Mark by a third party. Clubstore Franchising may, in its sole discretion, commence or join any claim against the infringing party. Clubstore Franchising shall have the exclusive right to control any prosecution or defense of any claim related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Area Representative shall (a) adhere to all procedures prescribed by Clubstore Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Clubstore Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Area Representative acknowledges that all Confidential Information is owned by Clubstore Franchising (except for Confidential Information which Clubstore Franchising licenses from another person or entity). Area Representative acknowledges that all customer data and data about Unit Franchisees and their operations generated or obtained by Area Representative is Confidential Information belonging to Clubstore Franchising. This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Area Representative, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within the Territory.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Clubstore Franchising. Area Representative agrees that the existence of any claim it may have against Clubstore Franchising shall not constitute a defense to the enforcement by Clubstore Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

13.3 Employee Recruitment. During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Area Representative shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Clubstore Franchising or by any Area Representative.

13.4 Employees. If requested by Clubstore Franchising, Area Representative will cause any employees to sign Clubstore Franchising's then-current form of non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Area Representative. Area Representative may terminate this Agreement only if Clubstore Franchising violates its obligation to make payments owed to Area Representative and fails to cure the violation within 30 days after receiving written notice from Area Representative detailing the alleged default.

14.2 Termination by Clubstore Franchising.

(a) Subject to 30-Day Cure Period. If Area Representative breaches this Agreement in any manner not described in subsection (b), and fails to cure such breach to Clubstore Franchising's satisfaction within 30 days after Clubstore Franchising gives notice of such breach, then Clubstore Franchising may terminate this Agreement.

(b) Without Cure Period. Clubstore Franchising may terminate this Agreement by giving notice to Area Representative, without opportunity to cure, if any of the following occur:

(i) Area Representative misrepresented or omitted material facts when applying to be an area representative, or breaches any representation in this Agreement;

(ii) Area Representative intentionally submits any false report or intentionally provides any other false information to Clubstore Franchising;

(iii) a receiver or trustee for the Business or all or substantially all of Area Representative's property is appointed by any court, or Area Representative makes a general assignment for the benefit of Area Representative's creditors or Area Representative makes a written statement to the effect that Area Representative is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Area Representative, or a petition in bankruptcy is filed by Area Representative, or such a petition is filed against or consented to by Area Representative and the petition is not dismissed within 45 days, or Area Representative is adjudicated as bankrupt;

(iv) Area Representative or any Owner violates of Sections 8.7 and 9.2 (compliance with laws and regulations), Section 13.1 (confidentiality), Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(v) Area Representative abandons or ceases operation of the Business for more than five consecutive days;

(vi) Area Representative or any Owner slanders or libels Clubstore Franchising or any of its employees, directors, officers, or any Franchisee;

(vii) Area Representative has received two or more notices of default and Area Representative commits another breach of this Agreement, all in the same 12-month period;

(viii) Clubstore Franchising (or any affiliate) terminates any other agreement with Area Representative (or any affiliate) due the breach of such other agreement by Area Representative (or its affiliate);

(ix) Area Representative or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in Clubstore Franchising's opinion is reasonably likely to materially and unfavorably affect Clubstore Franchising's brand; or

(x) Area Representative fails to make any payment when due to Clubstore Franchising, and fails to cure such breach within 10 days after the due date.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Area Representative must immediately:

(i) pay all amounts owed to Clubstore Franchising based on the operation of the Business through the effective date of termination or expiration;

(ii) return to Clubstore Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Clubstore Franchising to Area Representative or created by a third party for Area Representative relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(iii) notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Area Representative's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Clubstore Franchising or any new Area Representative as may be directed by Clubstore Franchising, and Area Representative hereby irrevocably appoints Clubstore Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

ARTICLE 15. TRANSFERS

15.1 By Clubstore Franchising. Clubstore Franchising may transfer or assign this Agreement, or any its rights or obligations under this Agreement, to any person or entity, and Clubstore Franchising may undergo a change in ownership and/or control, without the consent of Area Representative.

15.2 By Area Representative. Area Representative acknowledges that the rights and duties set forth in this Agreement are personal to Area Representative and that Clubstore Franchising entered into this Agreement in reliance on Area Representative's business skill, financial capacity, personal character, experience and business ability. Accordingly, Area Representative shall not conduct or undergo a Transfer without providing Clubstore Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Clubstore Franchising's consent. In granting any such consent, Clubstore Franchising may impose conditions, including, without limitation, the following:

(i) the proposed assignee and its owners have completed Clubstore Franchising's area representative application processes, meet Clubstore Franchising's then-applicable standards for new area representatives, and have been approved by Clubstore Franchising as area representatives;

(ii) the proposed assignee is not a Competitor;

(iii) the proposed assignee executes Clubstore Franchising's then-current form of area representative agreement, which form may contain materially different provisions;

(iv) Area Representative has paid all monetary obligations to Clubstore Franchising in full, and Area Representative is not otherwise in default or breach of this Agreement;

(v) the proposed assignee and its owners and employees undergo such training as Clubstore Franchising may require;

(vi) Clubstore Franchising receives a transfer fee equal to $20,000; and

(vii) Area Representative, its Owners, and the transferee and its owners execute a general release of Clubstore Franchising in a form satisfactory to Clubstore Franchising.

15.3 Transfer for Convenience of Ownership. If Area Representative is an individual, Area Representative may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Clubstore Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Area Representative provides copies the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Clubstore Franchising, (3) Area Representative owns all voting securities of the corporation or limited liability company, and (4) Area Representative provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Area Representative (or, if Area Representative is an entity, the person with a largest ownership interest in Area Representative), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Clubstore Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2. Until the transfer to a third party is complete, Clubstore Franchising may operate the Business directly and cease paying any compensation to Area Representative.

15.5 Clubstore Franchising's Right of First Refusal. Before Area Representative (or any owner) engages in a Transfer (except under Section 15.3 or Section 15.4), Clubstore Franchising will have a right of first refusal, as set forth in this Section. Area Representative (or its owners) shall provide to Clubstore Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Clubstore Franchising's receipt of such copy, Clubstore Franchising will have the right, exercisable by notice to Area Representative, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Clubstore Franchising may substitute cash for any other form of payment). If Clubstore Franchising does not exercise its right of first refusal, Area Representative may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense or Delegation. Area Representative has no right to sublicense the Marks or any of Area Representative's rights or obligations under this Agreement, or to delegate any of its obligations to any third party.

15.7 No Lien on Agreement. Area Representative shall not grant a security interest in this Agreement to any person or entity. If Area Representative grants an "all assets" security interest to any lender or other secured party, Area Representative shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Area Representative shall indemnify and defend (with counsel reasonably acceptable to Clubstore Franchising) Clubstore Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Clubstore Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business, including any action or omission by Area Representative with respect to a Franchisee or prospective Franchisee. Notwithstanding the foregoing, Area Representative shall not be obligated to indemnify an Indemnitee from claims arising as a result of any Indemnitee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by Clubstore Franchising. Clubstore Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Area Representative's expense. Such an undertaking shall not diminish Area Representative's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Clubstore Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief, pending the arbitral tribunal's determination of the merits of the controversy.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Clubstore Franchising to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Clubstore Franchising and Area Representative will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In no event shall the damages awarded to Area Representative (including attorney fees) exceed the amount of the Territory Fee.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Clubstore Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Clubstore Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Clubstore Franchising is not a fiduciary of Area Representative and does not control Area Representative or its Business. Clubstore Franchising has no liability for Area Representative's obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Area Representative, Clubstore Franchising, and Clubstore Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in the Agreement or in any related agreement is intended to disclaim the representations made by Clubstore Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Clubstore Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the State of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Area Representative, addressed to Area Representative at the Location set forth in the Summary Page; and (B) if to Clubstore Franchising, addressed to 55 Broad Street, Suite 400, Charleston SC 29401. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Clubstore Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as "Area Representative", each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Area Representative by Clubstore Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Area Representative and Clubstore Franchising.

[*Signatures on next page*]

Agreed to by:

FRANCHISOR:

CLUBSTORE OUTLET LLC

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

AREA REPRESENTATIVE:

[*if an individual:*]

____
Name: __________________________
Date: ___________________________

[*if an entity:*]

____

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

Schedule 1 to Area Representative Agreement

OWNERSHIP INFORMATION

1. **Form of Ownership.** Area Representative is a (check one):

_____________ *Sole Proprietorship*
_____________ *Partnership*
_____________ *Limited Liability Company*
_____________ *Corporation*
_____________ *Other (describe:_________________________)*

State of incorporation / organization / residence: ____________________________

2. **Owners.** If Area Representative is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Area Representative is a limited liability company or corporation:

Name	Title

Schedule 2 to Area Representative Agreement

MINIMUM DEVELOPMENT SCHEDULE

Area Representative shall cause Clubstore Outlet Stores to be developed, open, and operate in the Territory in accordance with the following Minimum Development Schedule:

Time Period*	Minimum Number of Clubstore Outlets Stores To Open In The Territory During Time Period	Cumulative Minimum Number of Clubstore Outlets Stores To Be Operating On Last Day of Time Period

* For purposes of this Schedule, a "Year" begins on the anniversary of this Agreement and runs until the day prior the next anniversary of this Agreement.

EXHIBIT B

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising").

Background Statement: ______________________ ("Area Representative") desires to enter into an Area Representative Agreement with Clubstore Franchising (the "Area Representative Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Area Representative Agreement). Guarantor owns an equity interest in Area Representative. Guarantor is executing this Guaranty in order to induce Clubstore Franchising to enter into the Area Representative Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Clubstore Franchising and its successors and assigns that Area Representative shall pay and perform every undertaking, agreement and covenant set forth in the Area Representative Agreement and further guarantees every other liability and obligation of Area Representative to Clubstore Franchising, whether or not contained in the Area Representative Agreement. Guarantor shall render any payment or performance required under the Area Representative Agreement or any other agreement between Area Representative and Clubstore Franchising upon demand from Clubstore Franchising. Guarantor waives (a) acceptance and notice of acceptance by Clubstore Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Area Representative; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Area Representative or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Area Representative arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Clubstore Franchising make demand upon, assert claims against or collect from Area Representative or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Area Representative or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Clubstore Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Clubstore Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Area Representative Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Clubstore Franchising or its affiliates (except for Confidential Information which Clubstore Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Clubstore Franchising. This Section will survive the termination or expiration of the Area Representative Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Area Representative Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Area Representative Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within a five mile radius from the boundary of Area Representative's Protected Territory or within a ten mile radius from any Location operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Area Representative Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Clubstore Franchising. Guarantor agrees that the existence of any claim it or Area Representative may have against Clubstore Franchising shall not constitute a defense to the enforcement by Clubstore Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

4. Employee Recruitment. During the term of the Area Representative Agreement and for one year after termination, transfer, or expiration of the Area Representative Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Clubstore Franchising or by any other Area Representative of Clubstore Franchising.

5. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Area Representative Agreement, (b) any extension of time, credit or other indulgence which Clubstore Franchising may from time to time grant to Area Representative or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. **Governing Law; Dispute Resolution.** The laws of the State of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The provisions of Article 17 (Dispute Resolution) of the Area Representative Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

____
Name: __________________________
Address: ________________________
____
____
Date: ___________________________

____
Name: __________________________
Address: ________________________
____
____
Date: ___________________________

____
Name: __________________________
Address: ________________________
____
____
Date: ___________________________

EXHIBIT C

FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase an area representative business. In circumstances such as our approval of a sale of your business, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising")

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Clubstore Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Area Representative Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Area Representative Agreement shall apply. Releasor agrees to take any actions and sign any documents that Clubstore Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

____
Name: ________________________
Date: _________________________

EXHIBIT D

FINANCIAL STATEMENTS

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

CLUBSTORE OUTLET LLC

DECEMBER 31, 2015

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

CLUBSTORE OUTLET LLC

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

February 19, 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Clubstore Outlet LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Clubstore Outlet LLC (a limited liability company) as of December 31, 2015 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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 audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 above present fairly, in all material respects, the financial position of Clubstore Outlet LLC (a limited liability company) as of December 31, 2015 and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Clubstore Outlet LLC

Balance Sheet
December 31, 2015

ASSETS

CURRENT ASSETS		
Cash	$	114,002
Due From Affiliates		30,610
Due From Owners		47,697
TOTAL CURRENT ASSETS		192,309
FIXED ASSETS		
Equipment		-
OTHER ASSETS		
Organization Costs		-
Franchise Fees		-
		-
TOTAL ASSETS	$	192,309

LIABILITIES & STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	$	-
Franchise Deposits		131,000
TOTAL CURRENT LIABILITIES		131,000
TOTAL LIABILITIES		131,000
MEMBERS' EQUITY		
Capital Contribution		20,000
Retained Deficit		41,309
TOTAL STOCKHOLDERS EQUITY		61,309
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$	192,309

See accompanying notes

Clubstore Outlet LLC

Statement of Operations
Period ending December 31, 2015

Revenues		
Initial franchise fee	$	112,000
Royalties		-
Other franchisee revenues		-
Total revenue		112,000
Expenses		
Automobile Expenses		1,172
Bank Charges		579
Computer		1,688
Consulting		17,750
Franchise Marketing		21,094
Labor		6,220
Meals & Travel		11,149
Miscellaneous		3,296
Office Expenses		674
Professional Fees		3,921
Rent		1,800
Telephone		1,348
Total expenses		70,691
Net Income	$	41,309

See accompanying notes

Clubstore Outlet LLC

Statement of Changes in Stockholders' Equity
Period ending December 31, 2015

	Capital Contributions	Retained Earnings	Total Equity
Equity at June 1, 2015	$ -	$ -	$ -
Capital Contirbuted in 2015	20,000	-	20,000
Owners Draws in 2015	-	-	-
Net Income	-	41,309	41,309
Equity at December 31, 2015	$ 20,000	$ 41,309	$ 61,309

See accompanying notes

- 4 -

Clubstore Outlet LLC

Statement of Cash Flows
Period ending December 31, 2015

Cash flows from operating activities:		
Net Income	$	41,309
Adjustments to reconcile net loss to net cash provided by operating		
Depreciation & amortization		-
Changes in assets and liabilities		
Current assets		(78,307)
Current liabilities		131,000
Net cash provided by operating activities		94,002
Cash flows from investing activities:		
		-
Net cash provided by investing activities		-
Cash flows from financing activities:		
Capital Contribution		20,000
Owner Draws		-
Net cash provided by investing activities		20,000
Net increase in cash		114,002
Cash - beginning of period		-
Cash - end of period	$	114,002
Supplemental Disclosures		
Interest Paid		-
Income Taxes Paid		-

See accompanying notes

Clubstore Outlet LLC
Notes to Financial Statements

NOTE 1 Summary of Significant Accounting Policies

Organization and Nature of Business

The Company was organized as a Limited Liability Company under the laws of the State of South Carolina for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Clubstore Outlet operation, as a franchisee.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting.

Revenue Recognition

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

Company Income Taxes

The Company, with the consent of its stockholders, has elected to be a limited liability company. In lieu of income taxes at the business level, the members of a limited liability company is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 Disclosure About Fair Value of Financial Instruments

The Company estimates that the fair value of all financial instruments at December 31, 2015, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 Franchise Agreement

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.

B. The franchisee is obligated to pay a non-refundable initial franchise fee.

C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 Franchisees

The Company is the successor of Cost Less Overstock LLC (a single member LLC) "Cost Less". During 2014, Cost Less signed four contracts with outside entities to operate Price Right Outlet stores under consulting agreements.

The member of Cost Less has contributed the trademarks and branding to the Company as a capital contribution. These consulting agreements will be converted to franchise agreements as soon as the Company's Franchise Development Document is approved. The Company will have four franchisees at that time.

Management has deposits for 4 Master Franchisees as December 31, 2015 and believes that additional franchisees will be under contract during 2016.

NOTE 5 Subsequent Events

Subsequent events have been evaluated through February 19, 2016, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

CONSENT OF THE INDEPENDENT AUDITOR

February 20, 2016

Ladies and Gentlemen:

A. Andrew Gianiodis, CPA hereby consent to the use in the Franchise Disclosure Document issued by Clubstore Outlet LLC ("Franchisor") on February 19, 2016, of our report dated February 19, 2016, the financial statements of Franchisor for the period ending December 31, 2015.

CPA

A. Andrew Gianiodis, CPA

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

EXHIBIT E

OPERATING MANUAL TABLE OF CONTENTS

EXHIBIT F

CURRENT AND FORMER AREA REPRESENTATIVES

Current Area Representatives

Area Representatives as of the end of our last fiscal year:

> Roy Holleman
> Holleman Companies LLC
> 1881 Squirrel Run Drive
> New Iberia LA 70560
> 337-258-3110
>
> Kim Marinoff
> A2B Franchise Consulting LLC
> 4529 Castle Lane
> Broomfield CO 80023
> 720-849-4934
>
> David Neeley and Chad Mains
> Southern Overstocks Consulting Group, LLC
> 106 The Hills Drive
> Brandon, MS 39042

Area Representatives added in 2016 to date:

> James Begley
> PO Box 647
> London KY 40743
> 606-878-2071
>
> Nathaniel Herring
> Herring Family Holdings Inc.
> 2449 Moss Creek Lane
> Ponte Vedra Beach, FL 32082

Former Area Representatives

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every Area Representatives who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the area representative agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

> None

EXHIBIT G

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

Risk Factors

1. 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 OFFERING CIRCULAR.

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

3. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 16 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.

4. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the area representative agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The area representative agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The area representative agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Arbitration. The area representative agreement requires binding arbitration. The arbitration will occur at Charleston, South Carolina with the costs being borne by the prevailing party. 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 area representative agreement restricting venue to a forum outside the State of California.

Applicable Law. The area representative agreement requires application of the laws of the State of South Carolina. These provisions may not be enforceable under California law.

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

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

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: ____________________

2. A proposed registration or filing is or will be shortly on file in the following states: ______________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

The following is added to Item 17(f):

> The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/1-44.

The following is added to Item 17(u), (v), and (w)

> Illinois law will govern any area representative agreement if it applies to a (a) franchise located in Illinois; or (b) a franchisee who resides in Illinois.
>
> Any condition of the area representative agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the area representative agreement may provide for arbitration in a forum outside of Illinois.
>
> Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois is void.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

> As a condition of the sale of a franchise, we do not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Maryland Franchise Law.
>
> You are not required to provide a release from liability under the provisions of the Maryland Franchise Law as part of an area representative agreement or as a condition of the sale, renewal, or assignment of a franchise.
>
> You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non- renewal of the area representative agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

ITEM 3: LITIGATION

None of the Franchisor, its Predecessor, or any person identified in Item 2 or an affiliate offering franchises under the Franchisor's principal trademark:

(A) 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, nor has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.

(C) 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.

ITEM 4: BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (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 one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5: INITIAL FEES

We use the proceeds from initial fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative and operational expenses.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.

(d) The franchisee may terminate the agreement on any grounds available by law.

(j) 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.

(w) The forgoing 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.

ITEM 19: ADDITIONAL DISCLOSLURES.

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

CLUBSTORE OUTLET LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND CLUBSTORE OUTLET LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

PER INSTRUCTION OF THE NORTH DAKOTA SECURITIES DEPARTMENT:

Deferral of Fees: All fees owed by Franchisee will be deferred until all initial obligations owed to Franchisee under the Area Representative Agreement or other documents have been fulfilled by Clubstore Outlet and Franchisee has commenced doing business pursuant to the Area Representative Agreement.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the area representative agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Representative Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Area Representative Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Area Representative Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Representative Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit H for Washington Addendum to Disclosure Document and Rider to Area Representative Agreement)

EXHIBIT H

STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act the unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, which ever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

INDIANA RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the area representative agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit an area representative agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the area representative agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the area representative agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

MARYLAND RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Clubstore Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Clubstore Franchising or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Notwithstanding any provision of the Agreement to the contrary, Clubstore Franchising shall not require Franchisee to provide a release from liability under the provisions of the Maryland Franchise Law as part of the Agreement or as a condition of the sale, renewal, or assignment of the franchise.

4. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

MINNESOTA RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non- renewal of the area representative agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

NEW YORK RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Clubstore Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3 **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Clubstore Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

4. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

NORTH DAKOTA RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

(11) Deferral of Fees: All fees owed by Franchisee will be deferred until all initial obligations owed to Franchisee under the Agreement or other documents have been fulfilled by Clubstore Outlet and Franchisee has commenced doing business pursuant to the Agreement.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	CLUBSTORE OUTLET LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

RHODE ISLAND RIDER TO AREA REPRESENTATIVE AGREEMENT

This Rider amends the Area Representative Agreement dated ____________________, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _________________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

____

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

FRANCHISOR:

CLUBSTORE OUTLET LLC

By: __________________________
Name: ________________________
Title: _________________________
Date: _________________________

EXHIBIT I

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 866-275-2677 *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State The Division of Corporations One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

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 Clubstore Outlet LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Clubstore Outlet LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit I).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Tapp A. Palmer	55 Broad Street, Suite 400, Charleston SC 29401	843-277-2056

Issuance Date: February 25, 2016; amended June 13, 2016

I received a disclosure document dated February 25, 2016, amended June 13, 2016 that included the following Exhibits:

A. Area Representative Agreement
B. Guaranty and Non-Compete Agreement
C. Form of General Release
D. Financial Statements
E. Operating Manual Table of Contents
F. Current and Former Franchisees
G. State Addenda To Disclosure Document
H. State Addenda To Area Representative Agreement
I. State Administrators and Agents for Service of Process

Signature: ____________________________
Date Received: ________________________

Keep This Copy For Your Records

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 Clubstore Outlet LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Clubstore Outlet LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit I).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Tapp A. Palmer	55 Broad Street, Suite 400, Charleston SC 29401	843-277-2056

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G. State Addenda To Disclosure Document
H. State Addenda To Area Representative Agreement
I. State Administrators and Agents for Service of Process

Signature: ___________________________
Date Received: ________________________

Return this copy to us.