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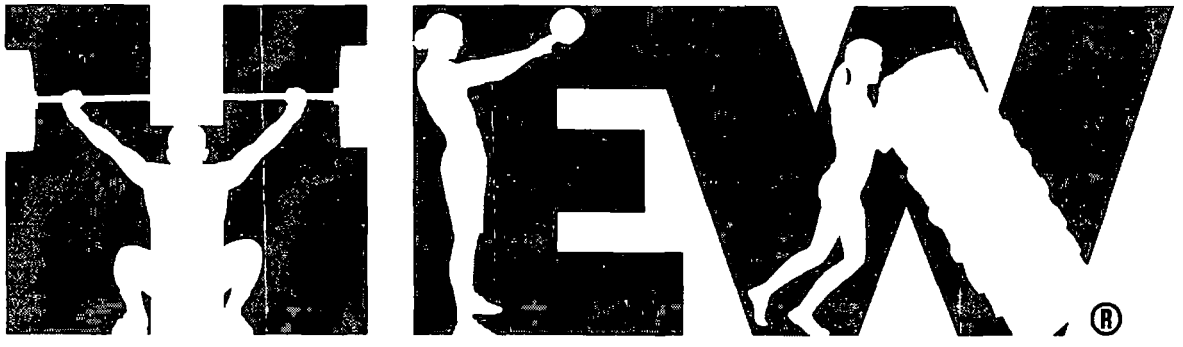
FRANCHISE DISCLOSURE DOCUMENT

(Single-Unit Franchise)



HEW Franchising, LLC
661 Maplewood Drive
Unit 18
Jupiter, FL 33458
(561) 339-9035
franchise@hardexerciseworks com
www hardexerciseworks com

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2017 DEC 11 AM 8 40

FRANCHISE DISCLOSURE DOCUMENT

HEW Franchising, LLC
a Florida limited liability company
661 Maplewood Drive
Unit 18
Jupiter, FL 33458
(561) 339-9035
franchise@hardexerciseworks com
www hardexerciseworks com

The Franchise Business you will own and operate is a fitness business that offers nutrition accountability programs, group training programs and other fitness services (based on similar principles as U S Navy S E.A L workouts) to get members into shape operating under the trade name "Hard Exercise Works®"

The total investment necessary to begin operation of a Hard Exercise Works Franchise ranges from $136,273 to $486,897 This includes $25,475 to $56,300 that must be paid to us or our affiliate

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

You may wish to receive this Franchise Disclosure Document in another format that is more convenient for you To discuss the availability of this Franchise Disclosure Document in different formats, contact Matthew B Hunt at 661 Maplewood Drive, Unit 18, Jupiter, FL 33458 and (561) 339-9035

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

Buying a franchise is a complex investment The information in this Franchise 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 Franchise 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, N W , 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

The date of issuance of this Franchise Disclosure Document is May 16, 2019

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit B for information about the franchisor or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION AND LITIGATION ONLY IN PALM BEACH COUNTY, FLORIDA OUT OF STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE AND LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT FLORIDA 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 YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS

4 THERE MAYBE OTHER RISKS CONCERNING THIS FRANCHISE

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

Effective Date See the next page for state effective dates

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of May 16, 2019

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ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

THE FRANCHISOR, PARENTS AND AFFILIATES

The Franchisor is HEW Franchising, LLC and is referred to in this FDD as "we," "us" and "our" The Franchisee is the person, persons or Business Entity to whom we grant the right to purchase and operate a Franchise Business and is referred to as "you" and "your" If the Franchisee is a Business Entity, each of the equity owners (the "Franchise Owners") must sign the Guaranty of Franchisee's Obligations included in Exhibit H Unless otherwise defined in this FDD, all capitalized terms are defined in ARTICLE 18 of the Franchise Agreement attached as Exhibit D

Franchisor The name of the Franchisor is HEW Franchising, LLC Our principal business address is 661 Maplewood Drive, Unit 18, Jupiter, Florida 33458

Parent We have no parent corporation

Affiliates We have no affiliates that are selling franchises in any line of business or that will provide products or services to you except

HEW Events, LLC, a Florida limited liability company The company's principal business address is 661 Maplewood Drive, Unit 18, Jupiter, Florida 33458 The company provides event planning services and hosts the annual competition among HEW members from every Company-Owned Unit and Franchised Unit throughout the country

OUR PREDECESSORS

The names and principal business addresses of our predecessors during the past 10 fiscal years are

Everybodies Weight Loss For Women Franchise Corp, a Georgia corporation located at 701 Church Street Decatur, Georgia 30030

SONZ Franchising Inc, a Georgia corporation, located at 701 Church Street, Decatur, Georgia 30030

Hard Exercise Works LLC, a Florida limited liability, located at 603 Commerce Way West, Jupiter, Florida 33458

TRADE NAME

We conduct business under the trade name "Hard Exercise Works®

OUR AGENTS FOR SERVICE OF PROCESS

Exhibit B contains the identities and principal business addresses of our agents for service of process in all states

TYPE OF BUSINESS ORGANIZATION

We are a Florida limited liability company We originally were formed as a corporation on May 11, 2011 We converted to a Florida limited liability company on February 16, 2018

OUR BUSINESS AND THE FRANCHISE OFFERED

Our Business Our sole business is the offer and sale of Hard Exercise Works Franchises the servicing and supporting of our Hard Exercise Works Franchisees We do not operate a business of the type being franchised

Other Business Activities We have no other business activities We have not conducted business in any other line of business and have not offered franchises in any other line of business

Franchise Business The Franchise Business you will own and operate is an instructional and educational exercise facility that offers nutrition management and fitness training (based on similar principles as U S Navy S E.A L workouts) to get members into shape operating under the trade name Hard Exercise Works® Center Under the Franchise Agreement attached as Exhibit D we offer qualified purchasers the right to establish and operate from a single location within a specified Territory The Franchise Agreement gives you the right to operate the Franchise Business under the name and mark "Hard Exercise Works" and other marks we designate You must operate in accordance with the standards and procedures we designate and according to our HEW Intranet/HEW Operations Manuals

GENERAL MARKET

The market for a Hard Exercise Works® Center includes men and women primarily between the ages of 30 and 70 and other members of the general public

INDUSTRY-SPECIFIC LAWS OR REGULATIONS

You are required to comply with your state's statutes or regulations regulating Exercise Studios, Health Clubs and Health Studios, if these laws exist in your state For example

California California's Health Studio Services Contract Law (Civil Code §§ 1812 80-1812 97) regulates all contracts for health studio services in California

Florida. The Florida Health Studio Act requires health spas to be registered with the Florida Department of Agriculture and Consumer Services You must provide a written contract containing certain disclosures to prospective members and provide certain financial guarantees including obtaining a $25,000 surety bond and imposing certain restrictions

Georgia Georgia Code Section 10-1-393 2 requires health spa operators to have a written contract that contains certain provisions including the cancellation and refund policies The contract must contain certain disclosures to consumers and imposes special requirements to spas who sell memberships before being fully operational and available for use You must file a copy of the contract with a consumer with the administrator

Kentucky The Kentucky Health Spa Act requires health spas to be registered with the Office of the Attorney General You must provide certain disclosures to prospective members and

provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions

North Carolina The North Carolina Prepaid Entertainment Contract Law applies to health or athletic club services or facilities You must provide a written membership agreement containing certain disclosures to prospective members The membership agreement cannot have a term longer than 3 years If you require a member to pay more than 31 days in advance, the contract must comply with this law This law provides that you must be informed about a member's 3-day right to cancel the agreement If, for any reason, services under a membership agreement are not available to the member on the date of sale, then you must establish a surety bond issued by a surety company authorized to do business in the State of North Carolina or establish an escrow account with a licensed and insured bank or savings institution located in this State of North Carolina The surety bond or escrow account shall be in the amount of $10,000 per location or in an amount equal to all agreement costs you receive from the member, whichever is greater

Pennsylvania The Pennsylvania Health Club Registration Act requires health spas to be registered with the Pennsylvania Office of the Attorney General, Bureau of Consumer Protection You must provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions Your contract must be approved by the Office of the Attorney General before you can sell memberships

South Carolina The South Carolina Physical Fitness Services Act requires that every fitness center obtain a Certificate of Authority from the South Carolina Department of Consumer Affairs You must provide a written membership agreement containing certain disclosures to prospective members If the contract requires prepayment or credit for physical fitness services of over 3 months' duration or over $200 in amount you must obtain a surety bond in a sum to be determined by the Administrator based on the estimated future costs to service contracts sold, but not to exceed $50,000 surety bond

Tennessee The Tennessee Health Club Act requires health spas to obtain a Certificate of Registration You must provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions

Texas. The Texas Health Spa Act requires health spas to obtain a Certificate of Registration with the Texas Secretary of State You must provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions

OTHER STATES MAY ALSO HAVE LAWS OR REGULATIONS THAT REGULATE HEALTH SPAS AND MAY DEFINE HEALTH SPAS DIFFERENTLY THESE LAWS OR REGULATIONS MAY ALSO AFFECT THE FINANCIAL REQUIREMENTS FOR OPENING A CENTER. THE FRANCHISEE MAY NOT RELY ON OUR LEGAL OPINION CONCERNING THIS OR ANY OTHER LEGAL COMPLIANCE MATTER AND MUST SOLELY RELY ON ITS OWN COUNSEL FOR LEGAL ADVICE

You are required to comply with all other local, state and federal laws in the operation of your Hard Works Exercise Franchise There may be other laws applicable to your business and we urge you to make additional inquiries about these laws Your failure to comply with these laws constitutes a material breach of your Franchise Agreement You acknowledge that (i) federal, state and local governments administer and enforce regulations that include standards, specifications and requirements for the construction and maintenance of your Premises, fire safety, general

emergency procedures, and customer/employee safety regulations, (ii) OSHA and health regulations as well as state and local safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available to or must offer your employees, (iii) the Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles (iv) certain state and local governments have also adopted proposals that regulate indoor air quality, including no smoking policies, and (v) there are federal and state product liability and product warranty laws

COMPETITION

The general market for physical fitness services is well established and highly competitive Your competition may include general physical fitness centers including national and regional chains that may operate more locations and may have greater financial resources, more experienced marketing organizations and greater name recognition than Hard Exercise Works You may also compete with other businesses, including chains and independents that are primarily directed to specific sports, such as racquetball, swimming, golf, etc , and may offer competitive services Churches, general businesses, clubs, YMCA's and other entities may also offer competitive facilities and services In addition to competition, local markets for physical fitness services will be affected by changes in local and national economic conditions and concerns, as well as neighborhood demographics and traffic patterns The ability of each Franchise Business to compete is dependent on a variety of factors including demographics, the immediate neighborhood location and characteristic, accessibility and the individual service, marketing, merchandising, capitalization and your diligence of the Franchisee

PRIOR BUSINESS EXPERIENCE

Our Prior Business Experience We have not conducted a business of the type you will operate We began selling Hard Exercise Works Franchises in May 2011 We are not in any other line of business

Our Predecessors' Prior Business Experience

Everybodies Weight Loss For Women Franchise Corporation, a Georgia corporation incorporated on January 6, 1998 and operated a type of business you will operate from 1998 to 2008 The corporation did not offer franchises of a business of the type you will operate The corporation did not offer franchises in any other line of business

SONZ Franchising Inc , a Georgia corporation incorporated on July 11, 2003 The corporation did not operate a type of business you will operate The Corporation offered and sold franchises of a business of the type you will operate from 2003 to 2008 The corporation did not offer franchises in any other line of business

Hard Exercise Works LLC, a Florida limited liability organized on June 22, 2009 operated a type of business you will operate from June 2009 to May 10, 2011 The company did not offer franchises of a business of the type you will operate The company did not offer franchises in any other line of business The company transferred the Principal Trademark, the other intellectual property and the Business System to us on May 11, 2011

Our Affiliates' Prior Business Experience

HEW Events, LLC has not operated a type of business you will operate It has not offered franchises providing the type of business you will operate It has not offered franchises in other lines of business

HEW Jupiter, LLC has conducted a business of the type you will operate since June 2009 It is located at 711 Indiantown Road, Suite A1, Jupiter, Florida 33458 It has not offered franchises providing the type of business you will operate It has not offered franchises in other lines of business

ITEM 2 - BUSINESS EXPERIENCE

DIRECTORS, OFFICERS AND OTHER EXECUTIVES

MATTHEW B HUNT, MANAGER AND PRESIDENT/CHIEF EXECUTIVE OFFICER

Mr Hunt has been a Director since our incorporation in May 2011 and our President/Treasurer until February 2017 Since February 2017 he has been a Manager and President/Chief Executive Officer Since October 2013 he has been a Manager of HEW Events, LLC Since June 2009, he has been a Manager of HEW Jupiter LLC He is located in Jupiter, Florida

RANDALL E GREER, MANAGER AND VICE PRESIDENT, CHIEF OPERATING OFFICER/CHIEF FINANCIAL OFFICER

Mr Greer has been a Director and our Vice President/Secretary since our incorporation in May 2011 until February 2017 Since February 2017 he has been a Manager and Vice President, Chief Executive Officer/Chief Financial Officer Since October 2013 he has been a Manager of HEW Events, LLC Since June 2009, he has been a Manager of HEW Jupiter LLC He is located in Palm City, Florida

NICHOLAS W KUKLA, CHIEF MARKETING OFFICER

Mr Kukla has been our Chief Marketing Officer since January 2015 From October 2011 to December 2015 was our first North Carolina Franchisee located in Asheville In December 2015, he sold his Franchise Business to the current Franchisee He is located in Jupiter, Florida

ITEM 3 - LITIGATION

Robert J Mosebach and HEW Delray Beach, Inc v HEW Enterprises, Inc, Matthew Hunt, HEW Franchising, Inc, Hew Ent Franchising, LLC, and Hard Exercise Works Franchising, Inc, Case No 16-011171, in the Circuit Court of the15th Judicial Circuit in and for Palm Beach County, Florida On September 30, 2016, the Plaintiffs, our franchisee in Delray Beach, Florida filed a lawsuit against the Defendants, alleging breach of contract, violations if the franchise laws and rescission The Defendants filed their answer denying the allegations and assets affirmative defenses The Defendants later requested that the matter be referred to mediation On April 28, 2017 the parties entered into a Settlement Agreement pursuant to which the Plaintiffs filed a Voluntary Dismissal with Prejudice of their lawsuit, the parties exchanged mutual releases and we agreed to pay the Plaintiffs $25,000 on the signing of the Settlement Agreement, $25,000 when the Plaintiffs sell the

assets of their Franchise Business and $3,000 monthly for 50 months The two $25,000 payments have been made and the $3,000 monthly payments are current

Other than this 1 action, no litigation is required to be disclosed in this ITEM

ITEM 4 - BANKRUPTCY

No bankruptcy is required to be disclosed in this ITEM

ITEM 5 - INITIAL FEES

TERRITORY RESERVATION FEE

If you intend to open a HEW Franchise in an area that does not currently have 25eal estate opportunities for a location, you may reserve an area for a future location by signing the Territory Reservation Agreement attached as Exhibit C In consideration of your payment of a reservation fee of $5,500 to us (the "Reservation Fee"), for 12 months from the date of the Territory Reservation Agreement, we will grant you the exclusive right to find a location that we approve for your purchase of a Hard Exercise Works Franchise within a territory to be described on the Map attached to the Territory Reservation Agreement (the "Territory") However, if we receive an offer from another prospective franchisee that (i) has received our then-current form of FDD, (ii) has gone through our initial franchise inquiries, (iii) has completed a business plan and proforma, (iv) is financially qualified, and (v) wants to complete a Discovery Day visit, we will share his or her interest and the proposed location with you and send you our current form of FDD You will have 30 days from the date you receive in which to decide to purchase a Hard Exercise Franchise for this location If you elect to purchase a Hard Exercise Works Franchise for the location by timely giving us written notice, you agree to close on the purchase the Hard Exercise Works Franchise within 30 days from the date you give us notice and sign the Franchise Agreement and related documents included as Exhibits to the FDD for this location We will credit the Reservation Fee against the Initial Franchise Fee If you do not decide to purchase a Hard Exercise Works Franchise for the intended location, we are free to sell the Franchise to the other prospective franchisee In this event we will refund the Reservation Fee without interest to you and this Agreement terminates You must sign the Franchise Termination and Release Agreement attached as Exhibit O to our FDD

INITIAL FRANCHISE FEE

The Initial Franchise Fee is $49,500 for a Franchise Business We fully earn the Initial Franchise Fee and it becomes non-refundable upon signing the Franchise Agreement

INITIAL FRANCHISE FEE FOR PURCHASING AN ADDITIONAL FRANCHISE

If you currently own a Franchise Business and you desire to purchase an additional Franchise Business, we will discount the Initial Franchise Fee to $39,500 each additional Franchise

TRAINING FEES

If you elect to have more than 2 Trainees attend Initial Training, you must pay us a training fee for each additional person (currently $250 per day) and pay all their expenses

ITEM 6 - OTHER FEES

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Continuing License Fee[1]	The greater of 5% of monthly Gross Revenues or $1,000 per month	On the 1st day of each month by EFT	The Continuing License Fee begins on your Grand Opening Grand Opening Day means when you begin collecting revenue from customers
Advertising Contributions to the Brand Fund[1]	1% of monthly Gross Revenues	On the 1st day of each month by EFT	We created the Brand Fund in July 2017
Technology Fee	Currently, $325 per month	On the 1st day of each month by EFT	This is for the use of the MindBody, Constant Contact, Waiver King, Rallio, Qvinci and Rockbot Software
Additional Training or Assistance at a Company-Owned Unit's Location[1]	$250 per trainer per day, with a 2 day minimum, plus your travel, meals and lodging expenses	When training or assistance begins	We may charge you for training newly-hired personnel, for refresher training courses, and for additional or special assistance or training you need or request For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging and meal expenses
Additional Training or Assistance at your Location[1]	$250 per trainer per day, with a 2-day minimum, plus travel and lodging expenses of our trainers for training at your location	When training or assistance begins	We may charge you for training newly-hired personnel, for refresher training courses, and for additional or special assistance or training you need or request For all training sessions and conferences, you must also pay for our trainees' travel, lodging and meal expenses
Fitness Training and Nutrition for continuing education[1]	$250 - $2,000 per year, varying by state and courses offered	As incurred, or annual renewal as required by third party source	Provided by a third party source All Coaches and Trainers are required to have and remain current with these courses as well as CPR certification
Transfer Fee[1]	50% of our then-current initial franchise fee	Before transfer completed	If you sell the assets used in the operation of the Franchise Business or transfer more than 50% of the equity interests if you are a Business Entity
Testing[1]	$100 - $1,000, varying by the actual cost of testing	Upon your receipt of our invoice	This covers the costs of testing new products or inspecting new suppliers you propose

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Audit[1]	Actual Cost of Audit	Upon your receipt of our invoice	Paid by you, if you do not supply us reports, supporting records or other required information, on a timely basis, or if you understate required Continuing Support and Service payments and/or Fund contributions by more than 2%
Late Penalty Fee[1]	$100 per incident plus 1½% interest per month, or maximum allowed by law	Upon your receipt of our invoice	Due on any overdue or past due amounts of any fees or charges
Maintenance and Refurbishing of Business[1]	Our Actual Costs	Upon your receipt of our invoice	If, after we notify you, you do not undertake efforts to correct deficiencies in Franchise Business' appearance, then we can undertake the repairs and you must reimburse us
Insurance[1]	Our Actual Costs	Upon your receipt of our invoice	If you fail to obtain insurance, as specified, we may obtain insurance for you and you must reimburse us
Insufficient Funds[1]	$30 00 or as permitted by local law	15 days upon your receipt of our invoice	Payable if you have insufficient funds in your ACH to cover a payment, or if you pay by check and a check is returned for insufficient funds or a closed account
Management Fee[1]	$500 per person per day, plus travel and lodging expenses	15 days upon your receipt of our invoice	Payable when we (or a third party) are required to manage your Business after you or your managing owner's death or disability, or default or abandon your members
Fines for Unauthorized Use of Trademark	$250 for 1st offense, $500 for 2nd Offense, and $1,000 for 3rd or later offense	15 days upon your receipt of our invoice	After 3rd offense we reserve the right to terminate your franchise with notice but with no opportunity to cure
Relocation Fee[1]	$5,000	15 days upon your receipt of our invoice	If you must relocate your Franchise Business, you will pay us a Relocation Fee to reimburse us for our costs incurred in assisting you with relocation
Cost and Attorneys' Fees[1]	Our actual costs	As incurred, 15 days upon your receipt of our invoice	Payable if you do not comply with the Franchise Agreement

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Indemnification[1]	Our actual costs and/or liability	As incurred, 15 days upon your receipt of our invoice	You must reimburse us if we are held liable for claims arising from your Business's operation
Liquidated Damages for Unauthorized Access to Intranet[1 and 2]	$5,000	Immediately upon receipt of invoice	Not allow any unauthorized person to access our Intranet and the information it contains If you do so, you will pay us liquidated damages
Liquidated Damages for Premature Termination [1and 2]	A lump sum equal to the total of all Continuing License Fees for 36 months	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove our actual damages You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief This payment does not relieve you from your obligations that survive the termination or expiration of the Franchise Agreement including the obligations of indemnification, confidentiality and non-competition

FOOTNOTE

[1] All fees are uniformly imposed by us and are payable to us All fees are non-refundable All fees may be automatically withdrawn from your account and transferred to our account when due

AREA DEVELOPMENT AGREEMENT

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Interest on Late Payments[1]	The lesser of (i) 18% per annum, or (ii) the maximum rate of interest permitted by law	Immediately upon receipt of invoice	If any payment under your Area Development Agreement or any other agreement between you and us or our Affiliates is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Late Charge[1]	$100	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you will pay a late charge for each payment that is more than 10 days overdue to cover our administrative costs in dealing with the late payment
Transfer Fee[1]	$10,000	At the time of transfer	If you intend to transfer the Are Development Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you comply with your obligations under Subsection 10 2(f) of the Franchise Agreements and pay us a transfer fee of $10,000 for the transfer of Area Development Rights
Renewal Fee[1]	Then-current Development Fee	At the time the renewal Area Development Agreement is signed	Within 30 days before the end of the Initial Term, you must sign our then-current form of Area Development Agreement, the terms of which may materially differ from the terms of the Area Development Agreement including a new Development Schedule and pay us a Development Fee that we are then charging for Area Development Rights
Enforcement Costs[1]	Actual cost to us	Immediately upon receipt of invoice	If any proceeding is begun for the enforcement of your Area Development Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Area Development Agreement, the prevailing party is entitled to recover reasonable attorneys' fees, court costs and expenses If we engage legal counsel for your failure to comply with your Area Development Agreement, you must reimburse us for all of the Enforcement Costs we incur

Column 1 **Type of Fee**	Column 2 **Amount**	Column 3 **Due Date**	Column 4 **Remarks**
Indemnification[1]	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of your Franchise Businesses This indemnity obligation continues in full effect after the expiration or termination of your Area Development Agreement

[1] This fee is payable to us

REFUNDABILITY

All fees are nonrefundable

UNIFORMITY

The expenses in this ITEM are uniform for persons currently offered a Franchise Business

ADVERTISING COOPERATIVES – VOTING POWER OF COMPANY-OWNED UNITS

We have not established advertising cooperatives Once formed, Company-Owned Units whose exclusive territories are in located within the DMA of the advertising cooperative must join the advertising cooperative and will have the same voting power as Franchised Units If we create advertising cooperatives, the obligation of each Unit to contribute to an advertising cooperative will be 3% of monthly Gross Revenues We will credit these contributions against your obligation for Local Advertising

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ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 **Type of Expenditure**	Column 2 **Amount**	Column 3 **Method of Payment**	Column 4 **When Due**	Column 5 **To Whom Payment Is To Be Made**
Initial Franchise Fee[1]	$39,500 to $49,500	Lump Sum less any Territory Reservation Fee paid	On signing the Territory Reservation Agreement ($5,500) and/or Franchise Agreement	Us
Rent and Lease Deposit[2]	$10,000 to $25,000	As Agreed	Generally, the first and last month's rent are payable upon your signing the lease, thereafter, rent is payable monthly	Landlord
Utility Deposits[3]	$500 to $2,500	Lump Sum	Generally, a security deposit is payable upon connection	Vendors
Leasehold Improvements[4]	$-0- to $171,300	As Incurred	Before beginning business	Outside Suppliers
Business Permits, Licensures[5]	$100 to $6,000	As Incurred	Before beginning business	Outside Governmental Agencies
Electronics and Software[6]	$3,000 to $9,000	As Incurred	Before beginning business	Us and Outside Suppliers
Architectural Fees[7]	$0 to $7,500	As Incurred	Before beginning business	Architect
Furniture and Fixtures[8]	$1,000 to $18,000	As Incurred	Before beginning business	Approved Suppliers
Signage and Interior Graphics[9]	$3,000 to $15,000	As Incurred	Before beginning business	Approved Suppliers
Inventory and Supplies[10]	$2,000 to $5,000	As Incurred	Before beginning business	Designated and Approved Suppliers
Exercise Equipment[11]	$20,000 to $50,000	As Incurred	Before beginning business	Approved Suppliers

Column 1 **Type of Expenditure**	Column 2 **Amount**	Column 3 **Method of Payment**	Column 4 **When Due**	Column 5 **To Whom Payment Is To Be Made**
Event Kit[12]	$3,773 to $4,848	As Incurred	Before beginning business	Designated Supplier
Grand Opening Marketing and Advertising[13]	$15,000 to $30,000	As Incurred	Before Beginning business and shortly thereafter	Advertising Sources
Training Expenses (out-of-pocket costs for 2 people), including travel, entertainment and housing, etc [14]	$3,500 to $10,000	As Incurred	Before beginning business	Third Parties
Insurance[15]	$900 to $4,300	As Incurred	Before beginning business	Insurance Company
Floor Scrubber[16]	$2,000 to $6,299	As Incurred	Before beginning business	Third Party
Attorney's Fees[17]	$1,000 to $3,750	Lump Sum	Before beginning business	Attorney
Accountant's Fee[18]	$1,000 to $3,900	Lump Sum	Before beginning business	Accountant
Pre-Opening Salaries[19]	$-0- to $5,000	As Incurred	Before beginning business	Employees
Additional Funds – (3 months)[20]	$30,000 to $60,000	As Incurred	During the first 3 months of operations	Employees, Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$126,273 to $476,897**			

[GO TO NEXT PAGE]

FOOTNOTES

[1] **Initial Franchise Fee** We describe the Initial Franchise Fee in ITEM 5

[2] **Rent and Lease Deposits** A Hard Exercise Works® Center occupies approximately 4,000 to 6,000 square feet of Center space Rent varies by geographic location, size, local rental rates, businesses in the area, location profile, and other factors, and may be considerably higher in large metropolitan areas than in more suburban or small town areas Hard Exercise Works® Centers can be located in strip shopping centers, free-standing locations, and other venues in downtown commercial areas and in multi-use residential areas The figures in the table include the first 3 months' rent Whether this rent is refundable depends on your agreement with your landlord We require you secure and operate from zoned business premises It is possible, however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Franchise Business already is constructed or could be constructed Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the potential cost of the purchase of real estate

[3] **Utility Deposits** Required upon connection of the utility Thereafter, is generally paid on a monthly basis Whether this deposit is refundable depends on your agreement with your Vendor Amounts vary per location

[4] **Leasehold Improvements** Leasehold improvement costs including common flooring, Center mirrors, wall treatment, counters, ceilings, painting, window coverings, electrical, plumbing, carpentry and similar work, and contractor's fees depend on the location's condition, location, and size, the demand for the location among prospective lessees, the location's previous use, the build-out required to conform the location for your Franchise Business, and any construction or other allowances the landlord grants The lower figure assumes that you are remodeling an existing fitness center location in an existing commercial facility, the higher figure assumes you are remodeling a general commercial facility These figures do not include installation, delivery charges, shipping and/or labor costs, which will vary by location

[5] **Permits and Licenses** These amounts include permits and licenses that may be required by local or federal law, including a business license, certificate of occupancy, remodeling permit, debris removal permit and signage permit Regulations may vary depending on Franchisee's location and potential member base These amounts include possible personal industry specific certifications and/or licensures required by local, municipal, state or federal law, which varies by state and municipality, and may be required by insurance companies, including industry-specific fitness training certifications as required by the state or by us, which includes AFAA certification for a Personal Fitness Trainer and/or Primary Group Fitness Trainer, Nutrition Certifications, and certifications for CPR and first aid You are required to have fitness training certification before opening a Hard Exercise Works® Center

[6] **Electronics and Software** You are required to purchase the following items, a flat screen TV, speakers, a printer, a 2-line telephone, an IPad, a wireless keyboard and mouse, a router, a card scanner, security camera system and 2 laptop computers See the Manual for details The computer software, MindBody®, Constant Contact®, Waiver King®, Rallio® and Qvinci® Rockbot are the server software programs that run the exercise coaching, billing, waiver management, appointment scheduler, and handle your e-mail marketing and member check-in functions You will also need to use Microsoft Excel, Microsoft Word and QuickBooks Online for your accounting needs

[7] **Architect's Fees** Some jurisdictions may require the building plans to be prepared by a local architect before leasehold improvements can be approved If the potential location is a pre-existing fitness center, then there may be no need for an architect We have estimated your architectural fees to be $0 to $7,500

[8] **Furniture, Fixtures** These amounts include office desk and chairs, locking 2-drawer filing cabinet, shelving, reception desk and chair, cubbies, retail shelving, and the signage, posters and art that you must purchase from our designated supplier The estimated amounts do not include installation of the signage We will determine the furniture and fixtures that you will need to purchase The lower figure assumes that you are purchasing the minimum amount furniture and fixture required, and the higher figure assumes that you are purchasing multiple furniture and fixture items Neither figure includes installation, delivery charges, shipping and/or labor costs, which will vary by location

[9] **Signage** The costs of signage varies depending upon location and may include open channel neon letters over the Center, pole signs, interior and exterior signs and interior wall graphics, and the interior graphics We must pre-approve all signs The cost of signage is estimated to be $3,000 to $15,000

[10] **Inventory/Supplies** This includes cleaning supplies, office supplies, and opening retail inventory See Pre Opening Manual for detailed lists

[11] **Exercise Equipment** You must purchase or lease kettle bells, dumbbells, barbells, medicine balls, ropes, pull up bars, agility ladders and agility hurdles, rubber or acrylic plates and other items listed in the HEW Intranet/HEW Operations Manual These costs are estimated to be to $20,000 to $50,000 and can be purchased from various vendors but we normally use a few specific vendors We must pre-approve all equipment purchases for an existing facility as many items may already exist and you may save a substantial amount in this category You may be allowed to purchase good, used equipment rather than purchase new equipment It may be possible for you to obtain financing from a third party lender or a leasing company The financing or leasing of equipment will be based upon your credit, financial capabilities and other factors The lower figure assumes that you are purchasing the minimum amount of exercise equipment required, and the higher figure assumes that you are purchasing multiple exercise equipment These figures do not include installation, delivery charges, shipping and/or labor costs, which will vary by location

[12] **Event Kit.** You must purchase an Event Kit that includes 10x10 Branded Pop Up Tent frame, Branded Canopy with UV Digital Printing, Back Wall with UV Digital Printing,, 2 Medium Flags with Double Sided printing and a 6 ft Fitted Table Cover with Digital Printing The Event Kit and additional items are available for purchase through Wizard Creations or another agency we choose and coordinated through us

[13] **Grand Opening Marketing and Advertising** Grand Opening Marketing and Advertising expenses are estimated to be $5,000 to $20,000 You must spend the funds the pre-opening preparation for Grand Opening or Pre-Opening marketing of the Franchise Business This includes flyers, storage, banners, etc We must pre-approve all Grand Opening Marketing materials

[14] **Training Expenses** We estimate that your travel expenses for Initial Training will be $3,500 to $10,000 This is estimated to be up to 30 Business Days of Initial Training If you live in the Palm Beach County/South Florida area, then these expenses should be on the low side

[15] **Insurance** You must obtain and maintain certain types and amounts of insurance (See ITEM 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, the number of employees, square footage, location, business contents, and other factors bearing on risk exposure We assume a Conversion Franchisee already has insurance

[16] **Floor Scrubber** You must purchase a floor scrubber comparable to the size and specs of the Tennant 5680 model, or the Viper Fang 32-T This ensures the floor is area is clean and must be scrubbed at the end of every day

[17] **Attorney's Fees** You must sign the Franchise Agreement individually You may decide to form a Business Entity to operate the Franchise Business before beginning operations You will have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchise Business will be located These estimates include attorneys' fees, publication fees, filing fees and other costs for business entity formation, compliance with your state's fictitious or assumed name statute and review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees

[18] **Accountant's Fees** We recommend that you retain an accountant to advise you including the preparation of a business plan, tax advice on business entity formation, set up of accounting system, tax planning and compliance

[19] **Pre-Opening Salaries** You may need staff for pre-opening boot camp or pre-opening marketing efforts

[20] **Additional Funds** This item estimates your expenses during the initial phase of operation of your Franchise Business (other than the items identified separately in the table) These expenses include payroll costs, but not any draw or salary for you These figures are estimates, and we cannot guarantee that you will

not have additional expenses starting the Franchise Business Your costs depend on how much you follow our methods and procedures, your management skill, experience, and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial phase of operation of your Franchise Business

PAYMENTS BY EFT

You will open a separate operating account with a bank for the Franchise Business You will make all payments of Continuing License fees, Technology Fees and Advertising Contributions by pre-authorized transfers from the operating account by electronic fund transfers that we process using the Mindbody Software on the 1st day of each month by signing the Authorization Agreement for Direct Withdrawals (ACH Debits) attached as Exhibit G

REFUNDABILITY

All fees are nonrefundable

UNIFORMITY

The expenses in this ITEM are uniformly imposed for persons currently offered a Franchise Business and/or Area Development Rights

ADVERTISING COOPERATIVES – VOTING POWER OF COMPANY-OWNED UNITS

We have not established advertising cooperatives Once formed, Company-Owned Units whose exclusive territories are in located within the DMA of the advertising cooperative must join the advertising cooperative and will have the same voting power as Franchise Units on all matters including fees DMA means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market These counties comprise the major viewing audience for the television stations located in their particular metropolitan area For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget The areas do not overlap, and every county in the United States belongs to only one DMA If we create advertising cooperatives, the obligation of each Unit to contribute to an advertising cooperative will be 2% of monthly Gross Revenues We will credit these contributions against your obligation for Local Advertising

OUR EXPERIENCE IN COMPILING THESE ESTIMATES

We relied on the 42 years combined experience of our principals in operating a business similar to the Franchise Business to compile these estimates You should review these figures carefully with a business advisor before deciding to acquire the Franchise

FINANCING

We do not offer any financing arrangements to you

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

PURCHASES FROM US, OUR DESIGNEE OR APPROVED SUPPLIERS OR UNDER OUR SPECIFICATIONS

You must purchase or lease the following goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items related to establishing or operating your Franchise Business from us, from our Designee, from Approved Suppliers or under our specifications

PURCHASES FROM US

At present, you must purchase solely from us the following goods and services

SUBLICENSE OF MINDBODY, CONSTANT CONTACT, WAIVER KING, RALLIO, QVINCI AND ROCKBOT SOFTWARE

We are a value-added reseller of the (i) MindBody® web-based scheduling and business management software including processing of credit card and debit card payments for membership fees, (ii) Constant Contact® web-based e-mail marketing and other online marketing campaign software, (iii) Waiver King® web-based program to obtain liability waivers from members, (iv) Rallio® social media management software, and (v) Qvinci® financial consolidation, reporting and benchmarking software (vi) Rockbot web-based licensed music system We sublicense these software products to you pursuant to the Software Sublicense Agreement included as Exhibit M There is a $325 monthly Technology Fee to be paid on the 1st day of each month by EFT

We may change these items based on our experience

PURCHASES FROM OUR DESIGNATED SUPPLIERS

A Designated Supplier is one particular supplier from whom you must purchase certain goods or services At present, the following are our Designated Suppliers

REAL ESTATE BROKERAGE SERVICES

You must retain our Agent of Record (currently, Fischer Company) to assist you in finding a suitable location for your Franchise Business

OTHER SOFTWARE

QuickBooks Online - You must purchase a license from Intuit, Inc the right to use the QuickBooks Online accounting system

EVENT KIT

Your Event Kit is available through Wizard Creations or another agency we choose and coordinated through us

PAYROLL SERVICES AND HR

You must use ADP for your payroll and human resources requirements

We may change our Designated Suppliers and/or the goods or services you must purchase from our Designated Suppliers based on our experience

PURCHASES FROM APPROVED SUPPLIERS

You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the operation of your Franchise Business only from Approved Suppliers These Approved Suppliers have demonstrated (i) the ability to meet our standards and specifications for these items, (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably, and (iii) have been approved in writing by us and not later disapproved We will use our best reasonable efforts to negotiate agreements with Approved Suppliers that, in our good faith belief, are in the best interest of all Franchise Businesses We may approve a single Designated Supplier for any brand and may approve a Designated Supplier only as to a certain brand or brands We retain the right to receive compensation from these Designated and Approved Suppliers for our negotiation In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services We may condition approval of a supplier on our requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases We may grant temporary approval pending our additional evaluation of the supplier

LIST OF APPROVED SUPPLIERS

At present, you must purchase certain items from our list of Approved Suppliers contained in the HEW Intranet/HEW Operations Manual We may change our list of Approved Suppliers and the items supplied based on our experience Neither any Affiliate nor we are Approved Suppliers except for items you must purchase from us as described above

RELATED SUPPLIERS

No officer of ours has an ownership interest in any supplier, except for us

APPROVAL OF ALTERNATE SUPPLIERS

Criteria Our criteria for alternate supplier approval are available to you

Contact with Alternate Suppliers If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so itself

Procedures for Our Approval We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities If we request, the

supplier will deliver samples to us or to our designated independent, certified laboratory for testing We are not liable for damage to any sample that may result from the testing process

Fees You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (estimated to not to exceed $1,000) We may also require as a condition to its approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the item within the Business System

Time Period for Notices We will give you written notice of our approval or disapproval by regular mail within 10 days after all testing and completion of the above conditions

Right of Revocation We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications You will receive written notification of approval or disapproval of a supplier within 7 days after we have investigated and inspected the supplier

PURCHASES UNDER OUR SPECIFICATIONS

We have developed specifications for a number of goods and services Specifications are available upon request and include minimum standards of quality, construction, economies of scale, name recognition, appearance and function We may change our specifications as a result from our experience and or changes in the market place or changes in law We will issue any changes to all Franchisees through changes to the HEW Intranet/HEW Operations Manual The categories for these purchases or leases are as follows

LOCATION SELECTION CRITERIA

We will supply you our location selection criteria Within 30 days after signing this Agreement, you must find a location that you believe meets our criteria You must send to us all material information regarding the proposed location including (a) pictures of the location, (b) population demographics within a 5-mile radius of the location, (c) information regarding traffic counts and patterns, (d) number of parking spaces, (e) visibility from the roadways, (f) the predominant character of the neighborhood, (g) competitive businesses within the area, (h) the nature of other businesses in proximity to the location, and (i) the size, appearance and other physical characteristics of the location

PURCHASE OF LOCATION

If you intend to purchase the location for the Franchise Business, you must submit the purchase agreement to us for our written approval You are solely responsible for securing any necessary purchase, construction, permanent or other financing of the location and the Premises Once you acquire ownership of the Premises, you will enter into with us the Agreement with Landlord, both as landlord and as the Franchisee, in the form included as Exhibit I

LEASE OF PREMISES

You are solely responsible for obtaining a lease of the Premises at a location we approve Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval Our approval will be given when the property owner, you and us sign our form of Agreement with Landlord attached as Exhibit I to the Franchise Disclosure Document

PLANS AND SPECIFICATIONS AND/OR STANDARD RECOMMENDED FLOOR PLAN

We will loan to you our prototype architectural drawings for the Premises (which may include sample equipment layouts and floor plans) "(Drawings") for the construction of the Premises We also loan to you our specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features and design and layout we make available to you (collectively, the "Design Specifications") The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion The Drawings and Design specifications are contained in the HEW Intranet/HEW Operations Manual

SPECIFICATIONS FOR UNIFORMS

The HEW Intranet/HEW Operations Manual includes our specifications for uniforms for your employees that you purchase from an approved vendor

INSURANCE

You must obtain and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles we require This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise The insurance company must be reasonably satisfactory to us and have a Best rating of "B" or better We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, if the changes are required throughout the Network including any Company-Owned Units These changes and additions to insurance coverage may be required to reflect inflation, the existence of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances

LOCAL ADVERTISING

You must submit to us for our approval all materials used for Local Advertising unless the materials have been previously approved by us or the materials consist only of materials we provide You are free to use your own advertising material only if you have obtained our prior written approval

REVENUE FROM REQUIRED PURCHASES OR LEASES BY FRANCHISEES

We derive revenue from required purchases or leases by franchisees Our total revenues from all operations during 2018 were $356,601 Of this amount, $71,165 was derived from

required purchases or leases by franchisees This amount represents 19 9% of our total revenues for 2018

MAGNITUDE OF REQUIRED PURCHASES OR LEASES

We estimate that the proportion of required purchases and leases to all purchases and leases by you of goods and services is 20% to 30% in establishing the Franchise Business and 10% to 20% in operating the Franchise Business

PAYMENTS FROM DESIGNATED SUPPLIERS

We do not currently receive any payments from Designated Suppliers We may from time to time be reimbursed for helping negotiate leases with brokers by receiving portions of the brokers' commissions

PURCHASING OR DISTRIBUTION COOPERATIVES

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

NEGOTIATION OF PURCHASE ARRANGEMENTS

We do negotiate purchase arrangements with suppliers for your benefit and the benefit of the other franchisees

MATERIAL BENEFITS

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers

ITEM 9 - FRANCHISEE'S OBLIGATIONS

FRANCHISE AGREEMENT

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document ITEM
a Site selection and acquisition/lease	Section 4 1	ITEMS 6, 7, 8 and 11
b Pre-opening purchases/leases	Sections 4 1, 4 2, 4 3, 4 4, 4 7, 4 8, and 4 9	ITEMS 5, 7, 8 and 11
c Site development and other pre-opening requirements	Sections 4 1, 4 2, 4 3, 4 4, 4 7, 4 8 and 4 9	ITEMS 7, 8 and 11
d Initial and ongoing training	Sections 2 9, 2 13, 2 15(b) and (f)	ITEMS 6, 7, 8 and 11
e Opening	Section 4 11	ITEMS 7, 8 and 11

Obligation	Section in Franchise Agreement	Franchise Disclosure Document ITEM
f Fees	Sections 1 4(d), 2 9(a), 2 18, 3 1, 3 3, 4 6(d), 4 11(a), 4 17(b), 6 2(c), 10 2(b) and 16 2(b)	ITEMS 5, 6 and 7
g Compliance with standards and policies/Operating Manual	Sections 1 4, 1 5, 2 2, 2 3, 2 7, 2 8, 2 9, 2 10, 2 17, 4 3, 4 4, 4 5, 4 6, 4 8, 4 11, 4 12, 4 14, 7 2, 8 2, 9 1, 11 4, 12 7, 20 3 and ARTICLE 6	ITEMS 8, 11 and 14
h Trademarks and proprietary information	ARTICLES 5, 6 and 14	ITEMS 13 and 14
i Restrictions on products/services offered	Sections 1 2(b), 1 3,1 4, 1 5, 4 7, 4 12, 4 16, and 4 20	ITEMS 8 and 16
j Warranty and customer service requirements	Sections 4 12 and 4 16	ITEM 8
k Territorial development and sales quotas	Subsection 16 2(iii)	ITEM 17
l Ongoing product/service purchases	Sections 4 7, 4 11 and 4 12	ITEMS 6 and 8
m Maintenance, appearance and remodeling requirements	Sections 4 2, 4 3, 4 11, 4 14 and 4 21	ITEMS 6, 7 and 8
n Insurance	ARTICLE 9	ITEMS 6, 7 and 8
o Advertising	ARTICLE 7	ITEMS 6, 7, 8 and 11
p Indemnification	Section 14 2	ITEMS 6 and 8
q Owner's participation/ management/staffing	Sections 2 9,4 5, 4 6, 4 19 and 4 20	ITEMS 6 and 15
r Records and reports	ARTICLE 8	ITEM 8
s Inspections and audits	ARTICLE 8	ITEMS 6, 8 and 11
t Transfer	ARTICLE 10	ITEMS 6 and 17
u Renewal	Sections 16 2 and 16 3	ITEMS 6 and 17
v Post-termination obligations	ARTICLE 12	ITEM 17
w Non-competition covenants	ARTICLE 13	ITEM 17
x Dispute resolution	ARTICLE 17	ITEMS 6 and 17
y Liquidated Damages	Section 12 9	ITEM 17

ITEM 10 - FINANCING

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

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

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

PRE-OPENING OBLIGATIONS

After the parties sign the Franchise Agreement but before you open your Franchise Business, we will provide you with the following assistance and services, as long as you are not in default under your Franchise Agreement

Location Selection Assistance (Section 2 1 of the Franchise Agreement)

Ownership of Location We do not generally own the location of the Premises for the Franchise Business and sublease it to you An unrelated third party will own the location and lease the Premises to you

Selecting a Location We do not select the location You must select a proposed location for your Franchise Business and obtain our written approval before you sign a lease or begin any construction Our approval is only our indication that the proposed location meets our minimum criteria for identifying locations

Location Selection Criteria We will supply you our location selection criteria Within 30 days after signing this Agreement, you must find a location that you believe meets our criteria You must send to us all material information regarding the proposed location including (a) pictures of the location, (b) population demographics within a 5-mile radius of the location, (c) information regarding traffic counts and patterns, (d) number of parking spaces, (e) visibility from the roadways, (f) the predominant character of the neighborhood, (g) competitive businesses within the area, (h) the nature of other businesses in proximity to the location, (i) the size, appearance and other physical characteristics of the location, (j) and inline tenant notification of our business model of exercise specifically relating to possible vibration from Olympic lifting We will not unreasonably withhold our approval of any location meeting our standards We will review location approval submissions on a first-in basis but within 30 days of your submission If we do not approve the location, you have 30 days in which to submit a new location within the Reserved Area for our written approval If we have not approved a location within 3 months after the Agreement Date, we have the right to either extend the period an additional 3 months if you are diligently seeking to find a location or terminate the Franchise Agreement if you have ceased your efforts to find a location If we terminate the Franchise Agreement we will retain the Initial Franchise Fee You must also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O

Lease Assistance If you intend to lease your Premises from a third party, you must use our designated Agent of Record (currently, Morrow Hill) to assist you in finding a suitable location We will advise you in your lease negotiations including giving you our Lease Requirements contained in the HEW Intranet/HEW Operations Manual Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval Our approval will be given upon compliance with our Lease Requirements and when we, you and the property owner sign our form of Agreement with Landlord attached as Exhibit I It is your primary responsibility to negotiate the terms of the Lease (Section 2 2 of the Franchise Agreement)

Plans and Specifications We will loan to you our prototype brand identification, sample equipment layouts and floor plans and architectural drawings for the premises of other Franchisees "(Drawings") for the construction of the Premises We also loan to you our

specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features and design and layout we make available to you (collectively, the "Design Specifications") The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion The Drawings and Design Specifications are contained in the HEW Intranet/HEW Operations Manual You must comply with local ordinances and building codes, and obtain any required permits On or before the Opening Date, you must return these Drawings and Design Specifications to us (Section 2 3 of the Franchise Agreement)

Uniform Requirements The HEW Intranet/HEW Operations Manual includes our specifications for uniforms for your employees that you must purchase from an Approved Supplier (Section 4 5 of the Franchise Agreement)

Business Planning Assistance You may prepare your own business plan and/or pro forma financial projections We will provide you with referrals offering working capital lines of credit, term loans and/or equipment lease financing (Section 2 4 of the Franchise Agreement)

Website, Intranet We have created a Website, www hardexerciseworks com and Intranet for use by our Franchisees and us We will list your Franchise Business on our Website (Section 2 5 of the Franchise Agreement)

Accounting, Cost Control, Nutrition Management and Fitness Services and Products Systems We will provide you with the requirements for a standardized system for accounting, cost control, nutrition management and fitness services and products control (Section 2 6 of the Franchise Agreement)

Lists, Forms and Schedules (Section 2 7 of the Franchise Agreement)

We will loan to you, either in hard copy form or as electronic files, the following for use in the operation of the Franchise Business

List of Items A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchise Business and a list of Designed Suppliers, Approved Suppliers and product specifications,

Specifications Specifications for business cards, stationary, receipts, point-of-sale materials, frequent customer cards, gift cards, reporting documents, and other business forms and materials we deem necessary for the operation of the Franchise Business that you purchase from Approved Suppliers

Reporting Requirements regarding your establishment of daily, weekly and monthly reporting systems, bookkeeping procedures, and accounting procedures, which you must adopt and implement at the Franchise Business

These forms and schedules are contained in the HEW Intranet/HEW Operations Manual You must retain your own legal counsel to review and revise these agreements and forms so they comply with all applicable federal and state laws

Employee Information and Assistance We will provide to you employee hiring information including pay scale guidelines and a standardized interviewing/selection system as described in the HEW Intranet/HEW Operations Manual No employee of yours is an employee of

ours for any purpose whatsoever You are solely responsible for the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as provided in Section 4 6 of the Franchise Agreement (Section 2 8 of the Franchise Agreement)

Initial Training We will provide Initial Training for up to 2 Trainees (Section 2 9 of the Franchise Agreement) We describe the details of Initial Training under the heading TRAINING PROGRAM below

Access to the HEW Intranet/HEW Operations Manual We will give you access to the HEW Intranet/HEW Operations Manual and any supplemental manuals through our Intranet Our practice is to give you access you shortly after you sign this Agreement (Section 2 10 of the Franchise Agreement)

Pre-Opening Inspection We will provide periodic on-location assistance and inspection of the installation of the furniture, fixtures and/or equipment and will generally inspect the Premises We will provide you with advice, as we deem appropriate, to insure that you conform your Premises to our applicable standards before the Opening Date (Section 2 11 of the Franchise Agreement)

License of Intellectual Property Subject to this Agreement, we license to you the right to use the "Hard Exercise Works®" trade name and the other Intellectual Property (Section 2 13 of the Franchise Agreement)

Sublicenses of Software We sublicense to you the right to use the MindBody, Constant Contact, Waiver King, Rallio, Qvinci and Rockbot Software pursuant to the Software Sublicense Agreement included in Exhibit K (Section 2 14 of the Franchise Agreement)

MindBody Training We will provide live training provided by staff at MindBody, Inc via the Internet and telephone after MindBody location setup to learn to use the Mindbody software (Section 2 15 of the Franchise Agreement)

Pre-Opening On-Location Training We will make available to you pre-opening, on-location training of 2 to 5 days conducted at your Franchise Business before or shortly after the Opening Date The on-location training program will cover material aspects of the operation of the Franchise Business including financial control, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, merchandising techniques, promotional techniques, operations, purchasing and sales (Section 2 12 of the Franchise Agreement) We provide details under the heading "TRAINING PROGRAM "

Grand Opening Assistance We will assist you in the grand opening of the Franchise Business including (i) social media promotion, (ii) providing you advice and guidance with regard to staffing, decoration, advertising, (iii) developing a guest list and (iv) assisting you in hosting a grand opening celebration (Section 2 16 of the Franchise Agreement)

STATEMENT OF COSTS TO OPEN

Within 3 to 6 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the HEW Intranet/HEW Operations Manual containing a breakdown of all costs you incurred in the constructions and operation of the

Franchise Business [Subsection 4 11(c) of the Franchise Agreement]

CERTIFICATE OF PERFORMANCE OF PRE-OPENING OBLIGATIONS

After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the HEW Intranet/HEW Operations Manual ("Certificate of Performance") confirming our performance If, in good faith, you do not believe that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed [Subsection 4 11(d) of the Franchise Agreement]

TIME TO OPEN

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the Franchise if the Territory Reservation Agreement is signed, and the opening of the Franchise Business can vary from 6 months to 12 months The factors that affect this period usually includes the time needed to acquire a location for your Franchise Business, to negotiate a lease, to arrange for financing, to comply with local ordinances and obtain building permits, to hire employees, weather conditions, shortages, or delayed installation of equipment, fixtures and signs and, other operational issues, etc , and the time when you complete satisfactorily Initial Training If you fail to open within 12 months of signing the Franchise Agreement, you are in material default under the Franchise Agreement and we have the right to terminate the Franchise Agreement and retain the Initial Franchise Fee If we terminate the Franchise Agreement you must also sign the Franchise Termination and Release Agreement included in Exhibit O (Section 4 4 of the Franchise Agreement)

ONGOING OBLIGATIONS AFTER OPENING

Provided you are not in default under your Franchise Agreement, we will perform the following obligations during the operation of your Franchise Business

Field Visits We will assist you in the continued development and operation of your Franchise Business that may include periodic visits by one of our field representatives [Subsection 2 17(a) of the Franchise Agreement]

Additional Training at Your Premises We will provide additional training resources, at a cost to you to be determined by us (after the first year) to assist you at your Premises for hourly employees [Subsection 2 17(b) of the Franchise Agreement]

Seminars We may conduct additional virtual or hands-on seminars, or other training programs for your benefit or the benefit of your employees We may charge a reasonable fee for such seminar or program if it is deemed appropriate You will pay for any traveling, living and other expenses incurred by you or your employees to attend a seminar [Subsection 2 17(e) of the Franchise Agreement]

Additional Training at Our Office You will complete and/or cause your employees to complete, to our satisfaction, such other additional training as we may reasonably require from time to time You may make a reasonable request for training in addition to that specified in Subsection 2 17(b) of the Franchise Agreement We will provide such training, at your expense,

including any travel, lodging, meals and other related costs [Subsection 2 17(f) of the Franchise Agreement]

Website, Intranet. We will maintain the Website and Intranet for use by our Franchisees and us in accordance with Subsection 4 13(c) and Section 7 4 of the Franchise Agreement [Subsection 2 17(h) of the Franchise Agreement]

E-mail Address and Accounts We will give you an e-mail address We provide you up to 3 e-mail addresses, which are limited to Franchise Owners, the Designated Representative and your General Manager We have established reasonable standards for e-mail accounts and their use, which we may periodically revise You will have reasonable time within which to upgrade when standards change From time-to-time, we will send important information to your Hard Exercise Works e-mail address To stay informed on developments affecting the Business System and your Franchise Business, you agree to check your e-mail at least daily You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail You must send to us an acknowledgment of receipt of our e-mail to you [Subsection 2 17(i) of the Franchise Agreement]

Production of Advertising Materials We will make available to you various advertising, marketing, and promotional materials using funds from the Brand Fund for your use in your DMA [Subsection 2 17(j) of the Franchise Agreement]

Advertising and Public Relations Campaigns We will generally promote the Franchise Businesses through advertising and public relations campaigns using funds from the Brand Fund [Subsection 2 17(k) of the Franchise Agreement]

Reciprocity Management. We will oversee the distribution of your membership information to other Hard Exercise Works Franchisees to permit your Members to use the facilities of other Hard Exercise Works Franchisees and *vis versa* [Subsection 2 17(k) of the Franchise Agreement]

Research and Development We will continue to research and develop new products and services and other aspects of the Business System, as we deem appropriate in our sole discretion We may conduct market research and testing to determine consumer trends and the salability of new products and services You acknowledge that we may choose to offer certain products or services that are not a normal part of the Business System to certain Franchisees for test marketing or other purposes You agree that we may not make these products or services available to you for testing If we select your Franchise Business, and if you agree, you will participate in our market research programs, in test marketing new products and/or services in the Franchise Business If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services to be tested and to effectively promote and make a good faith effort to sell them You will provide us with timely reports and other relevant information regarding that market research [Subsection 2 17(l) of the Franchise Agreement]

License of Intellectual Property Subject to this Agreement, we license to you the right to use the "Hard Exercise Works®" trade name and the other Intellectual Property (Section 2 16 of the Franchise Agreement)

OPTIONAL ASSISTANCE AFTER OPENING

Provided you are not in default under your Franchise Agreement, we may, but are not obligated to, perform the following obligations during the operation of your Franchise Business

Operational Advice We may provide you from time to time, as we deem appropriate, such merchandising, marketing and other data and advice as we may from time to time develop and we deem to be helpful in the managing and operating the Franchise Business including by a visit by one of our field representatives, virtual communication, telephone, or by newsletter or bulletins made available from time to time to all Franchisees [Subsection 2 17(c) of the Franchise Agreement]

Advertising Assistance We may, from time to time, provide to you, at your expense, such advertising and promotional plans and materials for Local Advertising [Subsection 2 17(d) of the Franchise Agreement]

Plans, Policies, Developments and Activities We may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on behalf of Hard Exercise Works® regarding its plans, policies, developments and activities In addition, Franchisor may provide such communication concerning new developments, techniques and improvements management, which Franchisor feels are relevant to the operation of the Business [Subsection 2 17(g) of the Franchise Agreement]

Our Temporary Operation of Your Franchise Business. (Section 2 18 of the Franchise Agreement)

Upon the happening of any of the events described below, we have the right (but not the obligation) to enter your Premises and to operate and manage your Franchise Business for your (or your estate's) account until this Agreement is terminated, the assets are transferred to a party under Subsection 10 2(b) of the Franchise Agreement, we purchase the assets, or until you resume control over your Franchise Business and you operate the Franchise Business in accordance with this Agreement

Cessation of Business If you fail to operate your Franchise Business for more than 5 Business Days unless due to Force Majeure or with our written consent, or you abandon the Premises without our prior written approval

Death or Incapacity If you, a Franchise Owner or Designated Representative dies or becomes permanently incapacitated, and the assets comprising the Franchise Business or the ownership interests in the Franchisee, if a Business Entity, are not assigned promptly under Section 10 4 of the Franchise Agreement

Material Breach If you materially breach any of our standards and specifications for the operation of your Franchise Business after we have given any required written notice and any applicable cure period has expired

Our Purchase of Assets If we elect to terminate this Agreement and we elect to purchase the assets comprising the Franchise Business as provided in Section 12 4 of the Franchise Agreement

If we elect to operate your Franchise Business, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee of $1,000 per week plus 10% of Gross Revenues (in addition to Continuing License Fees and any Advertising and Marketing Contributions) for our management of your Franchise Business Our operation and management will not continue for more than 30 days, but be renewable as necessary for up to 1 year We will periodically discuss the status with you or the representatives of your estate

ADVERTISING PROGRAMS

GRAND OPENING MARKETING PLAN [Section 7 1 of the Franchise Agreement]

You will follow our Grand Opening Marketing Program and budget a minimum of $15,000 for advertising and promotional items You will submit to us an accounting of your expenditures for advertising and promotional items as described above within 10 days from the end of the 3rd month

LOCAL ADVERTISING [Section 7 2 of the Franchise Agreement]

Your Expenditures You must spend at least 4% of Gross Income for Local Advertising during each month of operation This is in addition to the Grand Opening Marketing Program

Our Approval You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist of materials we have provided All materials containing the Intellectual Property must include the applicable designation - service mark℠, trademark™, registered® or copyright©, or any other designation we specify If you have not received our written disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services

Franchise Opportunities Available Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Premises containing substantially the following statement "Hard Exercise Works Franchise Opportunities Available" You must immediately refer all responses to us at info@hardexerciseworks com or any other number we designate and include our corporate address You have no authority to act for us in franchise sales

Search Directories You must register your franchise business on the top 3 search engine business directories, Google, Bing and Yahoo

Social Media You must follow our policies and requirements for the use of social media as outlined in the HEW Intranet/HEW Operations Manual or otherwise in writing

Participation in Certain Promotions You must participate in all required advertising and promotional programs we establish

No Solicitation Outside DMA We do not grant you an exclusive marketing area but you may advertise outside your Exclusive Territory but within your Designated Marketing Area ("DMA") You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent

INTERNET ADVERTISING AND MARKETING/WEBSITE [Section 7 4 of the Franchise Agreement]

Website We will list your Franchise on our home page of our Website We maintain sole and exclusive rights to all content and information displayed or collected on our Website The content and information includes company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing

Your Home Page We will provide you with your own home page ("Your Home Page") We will place Your Home Page on our Website to promote the Franchise Business We prohibit you from offering or selling products through the Internet You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page You must secure our written permission if you desire to link Your Home Page to other website on the Internet We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page We maintain all rights of ownership in and to Your Home Page We may discontinue making Your Home Page accessible to you upon 30 days' written notice, if you are in breach of this Agreement, if we terminate this Agreement or if this Agreement expires and is not renewed

Internet Advertising You are responsible for Local Advertising on the Internet

Domain Name We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchise Business or the products or services without our prior written consent We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System

Coupons We are the sole controlling agent for any social media coupon advertising promotion Any non-approved discounting on rates or any non-approved promotions without our prior written approval is strictly forbidden We utilize Facebook, Instagram, LivingSocial® Groupon® and other social media outlets for the explicit purpose running grand opening deals as part of the advertising and promoting your location supplying you with free leads You may also use them for twice-yearly deals offering a discounted 1st month membership We coordinate and approve the offering You retain the revenue LivingSocial® and Groupon® are not our affiliates No shareholder or officer of ours own any part of either company

REGIONAL COOPERATIVE ADVERTISING (Section 7 3 of the Franchise Agreement)

You agree that we have the right to establish a regional advertising cooperative in any DMA Upon our request, you will immediately become a member of the Cooperative for the DMA that includes your Exclusive Territory Your Franchise Business does not have to be a member of more than 1 Cooperative

Purposes of Regional Advertising Cooperative We will organize the Regional Advertising Cooperative for the exclusive purposes of administering advertising programs and developing standardized promotional materials for use by its members The Regional Advertising Cooperative may adopt its own rules and procedures, but we must approve the rules or

procedures The rules and procedures must not restrict or expand your rights or obligations under this Agreement Except as otherwise contained in the Franchise Agreement, and subject to our approval, any lawful action of the Regional Advertising Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising and Marketing, binds you if approved by 67% of the members present Each Franchised Unit and Company-Owned Unit has 1 vote, however no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Regional Advertising Cooperative regardless of the number of Franchise Businesses owned by any Franchisee

Our Approval of Advertising We must approve in writing all advertising or promotional plans or materials the Regional Advertising Cooperative proposes to use or furnish to its members The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7 2(b) of the Franchise Agreement

Members' Contributions to Cooperative The Regional Advertising Cooperative has the right to require each of its members to contribute to the Regional Advertising Cooperative an amount not to exceed 1% of that member's monthly Gross Income We credit this amount against your obligation for Local Advertising and Marketing as provided by Subsection 7 2(a) of the Franchise Agreement Each member will submit to the Regional Advertising Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Regional Advertising Cooperative or we require We do not have

Quarterly Reports The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures The reports will be sent by the Cooperative to its members and to us

Impasses If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Regional Advertising Cooperative, the issue, upon request of a member of the Regional Advertising Cooperative, will be submitted to us for consideration Our resolution of the issue is final and binding on all members of the Regional Advertising Cooperative

Changes, Dissolution or Merger of Cooperatives We have the right to form, change, dissolve or merge any Cooperative

BRAND FUND (Section 7 5 of the Franchise Agreement)

Right to Create We have created a special fund called the "Hard Exercise Works Brand Fund" (the "Brand Fund"), into which we deposit the Contributions described in Subsection 3 1(c) to be used for the creation of branding the HEW name for the benefit of all Franchise Businesses and Company-Owned Outlets who contribute to the Brand Fund This may also include the creation of advertising, marketing, and promotional materials

Administration We administer the Brand Fund We use the funds in the Brand Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System We also use the funds in the Brand Fund to pay the costs of conducting regional and/or national advertising and promotional activities (including the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, and public relations activities) that we deem beneficial to the Business System

We do not have to spend any Contributions to the Brand Fund in your Exclusive Territory We are not obligated to contribute additional funds to the Brand Fund other than Contributions from Company-Owned Units We can charge the Brand Fund for our costs for services we provide, in lieu of engaging third party agencies to provide these services We will not use any of the funds to offer or sell Hard Exercise Works Franchises to prospective franchisees

Expenditures All expenditures are at our sole discretion We may spend in any calendar year more or less than the total Contributions to the Brand Fund in that year We may loan to the Brand Fund or borrow from other lenders for the Brand Fund to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund We will carry any monies not spent by the Brand Fund in any particular year to fund production expenses in the next year

Advertising Rebates You authorize us to act as your sole agent to enter into contracts with parties, other than with Designated Suppliers and Approved Suppliers, offering promotion, discount or other programs where you would receive rebates or marketing allowances ("Advertising Rebates") relating to our purchase of advertising, marketing, and promotional materials We will contribute all Advertising Rebates paid to us, based on your purchases, and the purchases of other Franchise Businesses and Company-Owned Outlets, to the Brand Fund By signing this Agreement, you assign all of your right, title and interest in all Advertising Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts

Annual Report We will prepare an annual report of the receipts and expenditures of the Brand Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year We will not audit this report

The advertising funded by the Brand Fund is placed, based on our decisions, in regional and/or national markets and with television, radio, periodicals, newspapers and/or direct mail campaigns Most marketing materials will be prepared by our advertising department and/or a national or regional advertising agency

We do not have to spend any of your contributions to the Brand Fund in your Exclusive Territory [Subsection 7 5(b) of the Franchise Agreement]

ADVERTISING RECEIPTS AND EXPENDITURES FOR FISCAL YEAR 2018

BRAND FUND

For the fiscal year ending December 31, 2018, the Brand Fund had an opening balance of $8,717 31, receipts of $66,924 23 and made the following expenditures of $74,429 73, leaving a closing balance of $1,211 81 that is carried over to fiscal year 2019

Production	$58,625 00	78 77%
Media Placement	$ 1,370 65	1 84%
Other Expenses	$14,434.08	19.39%
TOTAL	**$74,429 73**	**100%**

OTHER ADVERTISING INFORMATION

We have the sole right to enforce your obligations and all other Franchisees that make Advertising and Marketing Contributions Neither you, nor any other Franchisee obligated to make Advertising and Marketing Contributions, is a third party beneficiary of the funds nor has any right to enforce any obligation to contribute the funds [Subsection 3 1(c) of the Franchise Agreement]

We assume no other direct or indirect liability or obligation to you for the maintenance, direction or administration of the Brand Fund, except as expressly provided in ARTICLE 7 of the Franchise Agreement

Company-Owned Outlets are required to make monthly Contributions to the Brand Fund and any Cooperative on the same basis that Franchise Businesses are required to make monthly Contributions We do not have to use any of our other funds on the advertising programs for the franchise system [Section 7 7 of the Franchise Agreement]

We reserve the right to terminate the collection and disbursement of the Contributions and the Brand Fund Upon termination, we will disburse the remaining funds to existing Franchise Units and Company-Owned Units on a pro-rata basis based on their relative amount of contributions [Section 7 8 of the Franchise Agreement)

Any monies not spent by the Brand Fund in any particular year are carried over to fund production and advertising expenses in the next year [Subsection 7 5(c) of the Franchise Agreement]

We will receive payment to reimburse us for our costs of providing goods or services to the Brand Fund and any Advertising Cooperative [Subsection 7 5(b) of the Franchise Agreement]

FRANCHISEE ADVERTISING COUNCIL

We have formed a Franchisee Advisory Council whose responsibilities include advertising

OTHER ADVERTISING FUNDS

We have no other advertising funds There may be additional advertising requirements contained in the lease of your Premises The extent of these advertising requirements may be subject to negotiation, consequently, the extent of any advertising obligation may be unknown to us

COMPUTER SYSTEM

You must purchase or lease the following Computer System to operate a Franchise Business

Hardware You can purchase any Computer System provided it meets the following specifications

- Front Desk Operating Computer capable of operating Microsoft Office
- Front Desk Check-in computer
- iPad,

- Key Tag Scanner (purchased from Mindbody Online),
- Printer/Scanner Combo,
- Coach's Station Computer/iPad,
- Sound System,
- Wireless Internet Modem and Router
- Security Camera System with access granted to Franchisor

Software You must use the following software

- MindBody™
- Constant Contact
- Waiver King®
- Rallio
- Qvinci
- Rockbot
- Microsoft WORD
- Microsoft Excel
- Internet Service Provider software
- Business e-mail account
- QuickBooks Online

Cost of the Computer System The cost of the Computer System ranges from $3,000 to $9,000, depending on what you already have available

Ongoing Maintenance, Repairs, Upgrades or Updates We are not obligated to provide you with ongoing maintenance, repairs, upgrades or updates You must make periodic upgrades and updates to the Computer System's software that we make available for your Franchise Business There are no contractual limitations on the frequency and cost of this requirement The annual costs of any optional or required maintenance, upgrade, upgrading, or support contracts for the Computer System is estimated to be $200

Type of Data Generated and Stored Our affiliate has operated this Computer System since January 2011 Its principal functions are to provide permanent financial records of sales transactions at your Franchise Business and to collect and manage information about the nature of those transactions The types of information that they collect and generate are sales levels, product movement statistics, individual unit and category sales data, various financial information to prepare reports and time and attendance information for employee payroll calculations

Our Independent Access to Your Data We will have independent electronic access via the Internet to the information that the Computer System generates There are no contractual limitations on our right to access this information about your Franchise Business You agree that we have the right to retrieve all data and information from your Computer System, as we deem necessary

HEW INTRANET/HEW OPERATIONS MANUAL

After you have signed your Franchise Agreement and shortly before Initial Training, we will provide you access to our HEW Intranet/HEW Operations Manual The Table of Contents of the Operations Manual, as of December 31, 2018 totals 42 pages and is included in Exhibit P

TRAINING OF FRANCHISEES

TRAINING PROGRAM

Column 1 **Subject**	Column 2 **Hours of Classroom Training**	Column 3 **Hours of On-The-Job Training**	Column 4 **Location**
Day 1			
Company Story - Who is HEW?	0 5	0	Corporate Headquarters in Jupiter, Florida
Vision	0 25	0	Corporate Headquarters in Jupiter, Florida
Why we are successful	0 25	0	Corporate Headquarters in Jupiter, Florida
HEW Culture	0 5	0	Corporate Headquarters in Jupiter, Florida
Overview Sales, Operations and Marketing	1	0	Corporate Headquarters in Jupiter, Florida
Overview Operating Software	2	0	Corporate Headquarters in Jupiter, Florida
Sales Introduction	1	0	Corporate Headquarters in Jupiter, Florida
Front Desk Tour	0 5	0	Corporate Headquarters in Jupiter, Florida
HEW Class Expectations	1	0	Corporate Headquarters in Jupiter, Florida
Shadow Front Desk	0	2	Company-Owned Unit in Jupiter, Florida
Total Hours Day 1	**7**	**2**	
Day 2			
Operating Software Mindbody	2	0	Corporate Headquarters in Jupiter, Florida
Sales Training	5	0	Corporate Headquarters in Jupiter, Florida
Shadow Coach	0	4	Company-Owned Unit in Jupiter, Florida
Closing Procedures	0	0 5	Company-Owned Unit in Jupiter, Florida
Total Hours Day 2	**7**	**4 5**	
Day 3			
Front Desk/Coaching	0	4 5	Company-Owned Unit in Jupiter, Florida
Marketing	2	0	Corporate Headquarters in Jupiter, Florida
Basic Kettlebell	2	0	Corporate Headquarters in Jupiter, Florida

Column 1 **Subject**	Column 2 **Hours of Classroom Training**	Column 3 **Hours of On-The-Job Training**	Column 4 **Location**
Total Hours Day 3	**4**	**4 5**	
	Day 4		
Front Desk/Coaching	0	7	Company-Owned Unit in Jupiter, Florida
Nutrition Chat	1	0	Corporate Headquarters in Jupiter, Florida
Sales Training Using the Telephone	2	0	Corporate Headquarters in Jupiter, Florida
Basic Kettlebell	**1**	**0**	Corporate Headquarters in Jupiter, Florida
Total Hours Day 4	**4**	**7**	
	Day 5		
Front Desk/Coaching	0	5	Company-Owned Unit in Jupiter, Florida
Basic Gymnastics	1	0	Corporate Headquarters in Jupiter, Florida
Leadership	0	0	Corporate Headquarters in Jupiter, Florida
Total Hours Day 5	**1**	**8**	
	Day 6		
Sales Training	2	0	Corporate Headquarters in Jupiter, Florida
FrontDesk/Coaching	2	9	Corporate Headquarters and Company-Owned Unit in Jupiter, Florida
Total Hours Day 6	**2**	**9**	
	Day 7		
Money Management	3	0	Corporate Headquarters in Jupiter, Florida
Field Trip to Neighboring HEW Unit	0	8	To be Determined
Total Hours Day 7	**3**	**8**	
	Day 8		
Front Desk/Coaching	0	8	Company-Owned Unit in Jupiter, Florida
Marketing	3	0	Corporate Headquarters in Jupiter, Florida
Clubs and Clinics	1	0	Corporate Headquarters in Jupiter, Florida
Total Hours Day 8	**4**	**8**	

Column 1 **Subject**	Column 2 **Hours of Classroom Training**	Column 3 **Hours of On-The-Job Training**	Column 4 **Location**
Day 9			
Building Your Team	0 5	0	Corporate Headquarters in Jupiter, Florida
Apprentice Program	0 5	0	Corporate Headquarters in Jupiter, Florida
Coaching Scaling versus Modifying	1	0	Corporate Headquarters in Jupiter, Florida
Customer Services and New Client Experience	0 5	0	Corporate Headquarters in Jupiter, Florida
Workout Programming	1	0	Corporate Headquarters in Jupiter, Florida
Front Desk/Coach	0	5	Company-Owned Unit in Jupiter, Florida
Total Hours Day 9	**3 5**	**5**	
Day 10			
Proficiency Testing	6	4	Corporate Headquarters in Jupiter, Florida
TOTAL HOURS OF TRAINING	**35 5**	**56**	**91 5**

Training Schedule and Location We conduct the training classes Training classes on a bi-monthly schedule at our Corporate Headquarters in Jupiter, Florida and at our Company-Owned Unit in Jupiter, Florida Initial Training will occur at least 6 weeks before you open your Franchise Business

Instructional Materials The HEW Intranet/HEW Operations Manual will be used as the basis for our training

Experience of Instructors. We maintain a training staff The following is experience of each instructor including his length of experience in the field and with us that are relevant to the subjects taught by each instructor

Matthew B. Hunt began experimenting with varied, functional Movements in 1991 in his Decatur, Georgia facility In 1998, he began documenting all the system procedures for sales, operations and coaching for a successful replicable business model Mr Hunt has trained over 30-center owners and was employed by CrossFit in 2008 as a Subject Matter Expert (SMI), where he ran week-long seminars on how to open a successful and sustainable "box" model Mr Hunt has been involved in training 11 different operators under the HEW system since 2010

Randall E. Greer began as an Assistant Coach at CrossFit Palm Beach Mr Greer soon became Head Coach in 2009, along with becoming an owner of the Jupiter location

Mr Greer has been involved in training 16 different operators under the HEW system since 2010

Nicholas Kukla opened and operated the HEW Franchise in Asheville, North Carolina from 2011 to 2016 He sold his Franchise and returned to Florida to work for us

Bryan Stutevoss opened and operates the HEW Franchise in Deerfield Beach, Florida from 2015 to present Bryan became Director of Training in January 2019

Your Expenses in Attending Training You are responsible for all expenses of the Trainees to attend Initial Training including all payroll, travel, lodging and meal expenses If you elect to have more than 2 Trainees attend Initial Training, you must pay us a training fee for each additional person (currently $250 per person per day) and pay all their expenses [Subsection 2 9(a) of the Franchise Agreement]

Trainees You must send 2 Trainees to Initial Training We must approve all Trainees Each Trainee that is not a Franchise Owner or a Guarantor must sign our form of Confidentiality and Non-Competition Agreement contained in the HEW Intranet/HEW Operations Manual as a condition of our approval You, a principal Franchise Owner or the Designated Representative must be one of the Trainees If you will not be managing the day-to-day operations of your Franchise Business, you may designate another person as your Manager who will manage the day-to-day activities of your Franchise Business as one of the Trainees All Trainees must successfully complete our Initial Training to our satisfaction [Subsection 2 9(a) of the Franchise Agreement]

Pre-Opening On-Location Training We will make available to you post-opening, on-location training of 2 to 5 days conducted at your Franchise Business shortly after the Opening Date The on-location training program will cover material aspects of the operation of the Franchise Business including financial control, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, merchandising techniques, promotional techniques, operations, purchasing and sales (Section 2 12 of the Franchise Agreement)

Additional Training at Our Office You will complete and/or cause your employees to complete, to our satisfaction, such other additional training as we may reasonably require from time to time You may make a reasonable request for training in addition to that specified in Subsection 2 16(a) of the Franchise Agreement We will provide such training, at your expense, including any travel, lodging, meals and other related costs [Subsection 2 15(f) of the Franchise Agreement]

New Manager Training If the General Manager fails to satisfy his or her obligations provided in Subsection 4 6(c) due to death, disability, termination of employment or for any other reason, you must employ a replacement General Manager that we approve within 30 days The replacement General Manager must complete our Initial Training to our satisfaction within 3 weeks of hire In the interim, an assistant manager may manage the Franchise Business You are solely responsible for the expenses associated with Initial Training of the replacement General Manager including the then-prevailing standard training fee we charge (currently $500 per day) [Subsection 4 6(d) of the Franchise Agreement]

ADDITIONAL TRAINING PROGRAMS OR REFRESHER COURSES

Additional Training at Your Premises We will provide additional training resources, at a cost to Franchisee to be determined by Franchisor to assist you at your Premises for hourly employees [Subsection 2 15(b) of the Franchise Agreement]

Seminars We may conduct additional virtual or hands-on seminars, or other training programs for your benefit or the benefit of your employees We may charge a reasonable fee for such seminar or program if it is deemed appropriate You will pay for any traveling, living and other expenses incurred by you or your employees to attend a seminar [Subsection 2 15(e) of the Franchise Agreement]

ITEM 12 - TERRITORY

LOCATION OF FRANCHISE UNIT

The Franchise Business is to be operated at a specific location you select that we approve in accordance with the terms of the Franchise Agreement If you have not found a specific location before the parties sign the Franchise Agreement, if you request, we will specify a Reserved Area in the Territory Reservation Agreement included in Exhibit C within which you will locate an approved location for the Franchise Business A Reserved Area is a general area, usually a DMA, county or city Once you find a location that we approve, we will designate the approved location and the Exclusive Territory in the Franchise Agreement

NO MINIMUM TERRITORY

We do not grant to you a minimum territory

RELOCATION RIGHTS

You may not change the location without our written consent and compliance with our relocation procedures

Loss of Lease If you lease the Premises and the lease expires or terminates before the expiration of this Agreement (provided termination is not due to your default), you must begin new location search 12 months before lease expiration or termination We permit you a maximum of 5 non-operational days for the relocation of your Franchise Business, unless we otherwise agree in writing to extend the time The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in writing in accordance with Section 2 1 During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Service Fee, but are not required to spend funds on Local Advertising Your failure to secure a new location and begin operation within the specified time is an Event of Default on your part

Casualty If the Premises is substantially destroyed by fire or other casualty and the lease is terminated by either you or landlord as a result of the casualty, we permit you 60 days in which to locate and sign a lease of the new Premises within your Exclusive Territory following the date on which the lease is terminated The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in writing in accordance with Section 2 1 of the

Franchise Agreement During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Service Fee but you are not required to spend funds on Local Advertising You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part The provisions of this Section are not applicable if the Premises is substantially destroyed by fire or other casualty, but the lease is not terminated as a result of the casualty, so long as you re-open the Premises for the full operation of a Hard Exercise Works Franchise in compliance with this Agreement within 180 days from the date of the casualty, unless we otherwise agree in writing to extend the 180-day period

Condemnation You will give us notice of any proposed taking of the Premises by eminent domain, as soon as possible We permit you 60 days from the date you have to vacate the Premises to obtain a lease for the new Premises within your Exclusive Territory The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in writing in accordance with Section 2 1 of the Franchise Agreement During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Service Fee but you are not required to spend funds on Local Advertising You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part

Relocation Fee If you must relocate your Franchise Business, you will pay us a Relocation Fee of $5,000 to reimburse us for our costs incurred in assisting you with relocation

NO OPTIONS, RIGHTS OF FIRST REFUSAL OR SIMILAR RIGHTS

Except for any Area Development Rights you have also purchased, you have no option to purchase an additional Franchise Business, no right of first refusal to purchase an additional Franchise Business and no similar rights to acquire additional Franchise Business in the Exclusive Territory or any contiguous territory

EXCLUSIVE TERRITORY

We will grant you an Exclusive Territory comprised of an area to be determined based on the location's demographics During the Initial Term, if you are not in default under the Franchise Agreement, we agree not to open the premises of a Company-Owned Unit within your Exclusive Territory or franchise another Hard Exercise Works Franchise having premises located within your Exclusive Territory This does not mean that there might not be overlap with a Company-Owned Unit's or another Franchise Unit's exclusive territory as long as the Premises of the Company-Owned Unit or the other Franchise Unit is not physically located in your Exclusive Territory In addition, we expressly reserve the rights stated in the Franchise Agreement that are superior to your rights

Conditions to Continued Exclusivity The exclusivity of your Exclusive Territory is not dependent upon the achievement of any certain sales volume, market penetration or other contingency

Our Right to Modify the Exclusive Territory We may not unilaterally alter your Exclusive Territory The parties may alter the Exclusive Territory by a written amendment to the Franchise Agreement signed by the parties

OUR RESERVED RIGHTS

You agree that the license of the Intellectual Property granted to you has limited exclusivity In addition to our right to use and grant others the right to use the Intellectual Property outside the Exclusive Territory, we expressly reserve all rights that we do not expressly grant to you in the Franchise Agreement concerning the Intellectual Property or other matters

NO COMPENSATION TO YOU

We will not compensate you for any sales made based on our exercise of our reserved rights within your Exclusive Territory

RESTRICTIONS ON ADVERTISING AND OPERATING OUTSIDE OF EXCLUSIVE TERRITORY

You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent You cannot engage in catering and delivery services and activities outside the Exclusive Territory, unless we authorize you in writing

OUR OPERATION OF A SIMILAR BUSINESS UNDER A DIFFERENT MARK

Neither we nor any affiliate operate or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer

ITEM 13 - TRADEMARKS

FEDERAL REGISTRATIONS ON PRINCIPAL REGISTER

We own the following Principal Trademark and Other Trademark that are registered on the Principal Register of the United States Patent and Trademark Office, which we license to you for your use in operating the Franchise Business under the Franchise Agreement

Mark	International Class	Registration Date	Registration Number
Hard Exercise Works®	041	December 20, 2011	4072769
	041	July 8, 2014	4564086

RENEWAL OF FEDERAL REGISTRATIONS

We have filed a Combined Declaration of Use and Incontestability under Sections 8 and 15 of the U S Trademark Law for our "Hard Exercise Works® Principal Trademark It has been renewed and is incontestable Since the federal registration for the logo is not at least 5 years old,

we have not filed a Combined Declaration of Use and Incontestability under Sections 8 and 15 of the U S Trademark Law This Other Trademark does not have to be renewed at this time and remains contestable

MATERIAL DETERMINATIONS AND PROCEEDINGS

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 is no currently pending infringement, opposition or cancellation proceeding in which we unsuccessfully sought to prevent registration in order to protect the Principal Trademarks we license to you

PENDING TRADEMARK LITIGATION

There is no currently pending material federal or state court litigation involving our use of, or ownership rights in, the Principal Trademarks

CURRENTLY EFFECTIVE AGREEMENTS

There are no agreements currently in effect that significantly limit our rights to sublicense the use to Franchise Businesses of the Principal Trademarks, the other Intellectual Property and Business System in any manner material to you

OUR INDEMNIFICATION OF YOU FOR CLAIMS

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademarks or any of the other Intellectual Property, or if you become aware of any use of, or claims to, any of the Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process We have sole discretion as to whether we take any action on any infringement, challenge or claim We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with the Franchise Agreement, provided you (a) have timely notified us of the claim or proceeding, (b) have otherwise complied with the Franchise Agreement, (c) allow us sole control of the defense and settlement of the action, and (d) cooperate fully with our counsel in the defense of the action

MODIFICATION OF PRINCIPAL TRADEMARKS

If we deem it advisable to modify or discontinue the use the Principal Trademark or any of the other Intellectual Property and/or use an additional or substitute Principal Trademark including (i) due to the rejection of any pending application for registration (ii) revocation of any existing registration of any of the Intellectual Property (ii) the rights of senior users, (iv) our negligence, (v) a radical change in direction of the Business System we unilaterally cause or

mandate, or (vi) the modification or discontinuation of the use of any of the Intellectual Property is due to a continuing need to modernize the Business System, you are liable for all expenses in substituting the modified or new Intellectual Property in your Franchise Business You are obligated to do so within 30 days of our request We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of our Principal Trademarks and substituting a different principal trademark These expenses do not include expenditures you make to promote the modified or substituted principal trademark

SUPERIOR PRIOR RIGHTS OR INFRINGING USES

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Principal Trademarks However, our registration of the Principal Trademarks does not prohibit others from using the Principal Trademarks or confusingly similar variations of the Principal Trademarks who may have established prior rights to the use of the Principal Trademarks, or confusingly similar variations of the Principal Trademarks, in those territories where neither we nor our Franchisees have operated or advertised under the Principal Trademarks and that are not within the natural zone of expansion for future Franchise Units or Company-Owned Units, provided others do so in good faith and without actual knowledge of our existence or our Franchisees' use of the Principal Trademarks We would therefore be unable to prohibit the use of the Principal Trademarks by others who had prior use of the Principal Trademarks or confusingly similar variations of the Principal Trademarks when we first used them If others establish prior rights to the Principal Trademarks in certain territories, we may be restricted in our ability to use and sublicense the use of the Principal Trademarks when expanding into those territories

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

PATENTS

We do not currently own any rights in any patents or have any patents pending that are material to the Franchise Business

COPYRIGHTS

We claim all common law copyrights covering various materials used in our business and the operation of Company-Owned Units and Franchise Units, including the HEW Intranet/HEW Operations Manual, advertising, promotional literature, or any other works protectable under the copyright laws In addition, we own right to use other original and derivative copyrightable works such as architectural designs, plans, specifications, menus, photographs and décor We do not license the copyrights in these materials to you under the Franchise Agreement but we consent to your use in accordance with the terms of the Franchise Agreement

We have not registered these copyrights in the United States Registrar of Copyrights but we may do so in our sole discretion We prohibit you from attempting to register with the United States Copyright Office any works you create relative to the Franchise Business You will not otherwise claim authorship or exclusive ownership of any of the works

We loan you the HEW Intranet/HEW Operations Manual as discussed in ITEM 11

MATERIAL DETERMINATIONS

There are not currently any effective determinations of the United States Patent and Trademark Office, United States Copyright Office, or a court regarding any of our Copyrights

CURRENTLY EFFECTIVE AGREEMENTS

There are no currently effective agreements between us and third parties pertaining to our Copyrights that will or may significantly limit your use of our copyrighted materials

OUR INDEMNIFICATION OF YOU FOR CLAIMS

If there is any claim of copyright infringement, unfair competition or other challenge to your right to use of any Copyright, or if you become aware of any use of, or claims to, any Copyright by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process We have sole discretion as to whether we take any action on any infringement, challenge or claim We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Copyright You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Copyright or otherwise to protect and maintain our interests in the Copyright We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any Copyright in accordance with the Franchise Agreement, provided you (a) have timely notified us of the claim or proceeding, (b) have otherwise complied with the Franchise Agreement, (c) allow us sole control of the defense and settlement of the action, and (d) cooperate fully with our counsel in the defense of the action

MODIFICATION

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted works, you must do so and our sole obligation in this event is to reimburse you for your tangible costs (for example, changing materials) of complying with this obligation

INFRINGING USES

We are not aware of any infringing uses that could materially affect your use of the patents or copyrights in the state where your Franchise Business is to be located

PROPRIETARY RIGHTS IN CONFIDENTIAL INFORMATION AND TRADE SECRETS

The HEW Intranet/HEW Operations Manual and other copyrighted materials we make available to you contain confidential and proprietary information and are our trade secrets We possess and will continue to develop and acquire confidential and proprietary information, and trade secrets The confidential information consists of the following categories of information, methods, techniques, procedures and knowledge we or our Franchisees develop (collectively, the "Confidential Information") including (a) our methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our

development, operation and franchising, (b) our marketing and promotional programs for Franchise Businesses, (c) knowledge of specifications for and knowledge of our suppliers of certain materials, equipment, furniture and fixtures for a Franchise Business, and (d) knowledge of our customer lists, operating results and financial performance

We will disclose to you the Confidential Information required for the operation of the Franchise Business during Initial Training, in the HEW Intranet/HEW Operations Manual, and in the guidance and assistance that we furnish you, and you may learn of additional Confidential Information You may disclose the Confidential Information to your employees or other persons only to the extent reasonably necessary and provided the person has signed our form of Confidentiality and Non-Competition Agreement contained in the HEW Intranet/HEW Operations Manual before disclosure You agree, during and after the Initial Term, that you, your Franchise Owners, employees and independent contractors will (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the fitness concept, (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term, (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form or electronic form, and (iv) adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information You agree that any suggestions you make that we incorporate into the Business System are our exclusive property

Nothing contained in the Franchise Agreement prohibits you from using the Confidential Information in the operation of your Franchise Business under the terms of your Franchise Agreement

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

YOUR PERSONAL PARTICIPATION

You are not our employee You are your own boss running your own business subject to our rights under your Franchise Agreement You acknowledge and agree that your Franchise Business is not a "passive" investment We recommend that you be active in the operation of your Franchise Business but we do not require any personal "on-premises" participation by you provided you hire a Manager that we approve and who completes Initial Training to our satisfaction You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of the Franchise Agreement and the HEW Intranet/HEW Operations Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a Manager

BUSINESS ENTITY FRANCHISEE

If you are a Business Entity, we recommend that one or more of the Franchise Owners participate personally in the direct operation of the Franchise Business but we do not require any personal "on-premises" participation by a Franchise Owner provided you hire a Manager that we approve and who completes Initial Training to our satisfaction You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of this Agreement and the HEW Intranet/HEW Operations Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a Manager All Franchise Owners owning more than 5% of the equity interests in the Business Entity must personally

guaranty the Franchisee's obligations under the Franchise Agreement and all other agreements by signing the Guarantee of Franchisee's Obligations included in Exhibit H

DESIGNATED REPRESENTATIVE

If this Agreement is signed by 2 or more individuals or by a Business Entity, you agree to designate in writing 1 individual or a Franchise Owner as the Designated Representative upon signing this Agreement We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Franchise Business until we receive a duly signed written notice changing the Designated Representative

MANAGER

Either Trainee may act as Manager If you choose to operate the Franchise Business using a Manager, you may experience lower sales and/or higher costs than other Franchise Units managed by owner/operators The Manager must devote his or her best reasonable full-time efforts to the management and operation of your Franchise Business You agree that your Franchise Business requires the day-to-day supervision of the Manager (or an assistant manager) at all times your Franchise Business is open for business The Manager must complete Initial Training before managing your Franchise Business, unless we otherwise agree in writing If the Manager fails to satisfy his or her obligations due to the Manager's death, disability, termination of employment or for any other reason, you will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training You are solely responsible for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge (currently $500 per day) If you retain a Manager, the Manager does not have to own an equity interest in the Business Entity

RESTRICTIONS ON MANAGER AND OTHER EMPLOYEES

Any Manager and other employees having access to our HEW Intranet/HEW Operations Manual and other Confidential Information must sign the Confidentiality and Non-Competition Agreement included in the HEW Intranet/HEW Operations Manual

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

USE OF THE PREMISES

You must use your Premises only for the operation of your Franchise Business You must keep your Franchise Business open for business and in normal operation for the minimum hours and days as we reasonably require in the HEW Intranet/HEW Operations Manual or otherwise in writing except as may be limited by local law or the landlord's rules and regulations

APPROVED PRODUCTS AND SERVICES

You must offer, sell, and use all approved products and items, and perform all approved nutrition management and fitness services that we periodically require for Hard Exercise Works® Centers You may not offer, sell or use any products or items, or perform any nutrition management and fitness services that we have not authorized Our system standards may regulate required and/or authorized items and nutrition management and fitness services and products, unauthorized and prohibited products and nutrition management and fitness services, purchase, storage, member nutrition management and fitness preparation procedures, handling, and cleaning

techniques for items and nutrition management and fitness services and products, and inventory requirements for nutrition management and fitness services and products and other products and supplies so that your Franchise Business operates at full capacity We periodically may change required and/or authorized items and nutrition management and fitness services and products There are no limits on our right to do so

SALES RESTRICTIONS

We do not restrict you in the type of customers to whom you may sell approved products or services All your sales must be retail sales occurring at the Premises

ADVERTISING RESTRICTIONS

You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent

PRICING REQUIREMENTS

We establish the membership and product pricing for you to charge for clients You must obtain our written approval of any deviation in pricing Nothing contained in the Franchise Agreement is deemed a representation by us that the use of our pricing schedule will in fact optimize profits

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 16 1	The initial term of the Franchise Agreement is 10 years beginning on the Lease Commencement Date
b Renewal or extension of the term[1]	Section 16 2	You have the right to renew for an unlimited number of additional terms of 10 years each, if you meet the requirements for renewal
c Requirements for you to renew or extend[1]	Sections 16 2 and 16 3(1)	1 You must give us timely written notice of your intention to exercise the option 2 You must not be in default of your Franchise Agreement or any other agreement with us or our Affiliates 3 You have attained during the last 12 months of the Initial Term or a Renewal Term, Gross Income of not less than 75% of the Network median (including both Company-Owned Units and Franchised Units) over the same period and receive

Provision	Section in Franchise Agreement	Summary
		an average score of at least 85% on audits and mystery shopping at your Franchise Business over the last 3 years 4 You will sign a Renewal Franchise Agreement that may impose materially different terms and conditions than those in your original Franchise Agreement You will not pay another Initial Franchise Fee or a renewal fee 5 You must sign a Franchise Termination and Release Agreement of all claims against us and its affiliates, and their respective officers, directors, shareholders, agents and employees, the form included in Exhibit O 6 You must be entitled to continue to occupy your Premises for the entire Renewal Term or must obtain our approval of a new location for your Franchise Business within your Exclusive Territory but not within the exclusive territory of a Company-Owned Unit or another Franchise Unit in accordance with the Franchise Agreement 7 You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading to bring the Franchise Business up to current brand standards but not to exceed $50,000 8 If renovation or maintenance of your Franchise Business is not possible or feasible, you must relocate your Franchise Business within your Exclusive Territory but not within the exclusive territory of a Company-Owned Unit or another Franchise Unit If you have not met all of the conditions stated in the Franchise Agreement, we may elect not to enter into a Successor Franchise Agreement If, within 5 days of notice from us that you have elected not to enter into a Successor Franchise Agreement, you request our permission for you to sell your Franchise Business, then for a 180-day period following this notice (this notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have grounds to otherwise terminate the Initial Term), we will permit you to sell your Franchise Business to a purchaser subject to our right of first refusal This transfer must be in compliance with the provisions of Subsection

Provision	Section in Franchise Agreement	Summary
		10 2(b) of the Franchise Agreement and all the other applicable terms of this Agreement During this period, you must continue to operate your Franchise Business You will be asked to sign a contract with materially different terms and conditions than your original contract
d Termination by you[1]	Section 11 1	If you have substantially complied with the Franchise Agreement and we materially breach the Franchise Agreement, you may give us written notice of the nature of the breach If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Franchise Agreement You may also terminate the Franchise Agreement upon the mutual written agreement with us Any termination of the Franchise Agreement by you other than as stated above is a wrongful termination by you
e Termination by us without cause	Not Applicable	Not Applicable
f Termination by us with cause	Sections 11 2, 11 3 and 11 4	We may only terminate your Franchise Agreement with cause
g "Cause" defined – curable defaults	Section 11 4	You may cure any non-monetary default other than those specified in Sections 11 2 and 11 3 of your Franchise Agreement within 30 days of written notice from us of the default
h "Cause" defined – non-curable defaults[1]	Sections 11 2 and 11 3	The following defaults may not be cured 1 Violation of environmental laws, 2 Insolvency or general assignment for creditors, 3 Filing in bankruptcy, 4 Adjudication of bankruptcy, 5 Filing for appointment of a receiver or custodian, 6 Appointment of a receiver or custodian, 7 Filing for composition with creditors, 8 Judgment of $25,000 or more remains unsatisfied, 9 Execution of levy, 10 Filing of foreclosure suit 11 Sale of your assets after levy, 12 Abandonment, 13 Threat to public safety remains uncorrected, 14 Failure to maintain cleanliness or sanitation, 15 Conviction of any offense that might materially adversely affect the Business System,

Provision	Section in Franchise Agreement	Summary
		16 You deny us our right of inspection or audit, 17 You engage in deleterious conduct, 18 Unauthorized assignment, 19 Breach of confidentiality or noncompetition provisions of your Franchise Agreement, 20 You knowingly maintain false books or records, 21 Failure to timely transfer on your death or incapacity, 22 Uncured default under your lease, 23 You misuse any of the Intellectual Property, or 24 Three or more notices of default for same or similar default during any 12 consecutive months
i Your obligations on termination/non-renewal[1]	Sections 13 1(a)(ii), 14 2 ARTICLES 6 and 12(4)	You must 1 Not compete with us or any of our Franchise Businesses for 24 months after the end of your Franchise Agreement within 10 miles of any Franchise Business or Company-Owned Unit then in operation or under contract 2 Indemnify us from any losses or damages we sustain as a result of your Franchise Business, 3 Maintain confidentiality of all our Confidential Information, 4 Cease operating your Franchise Business, 5 Pay all amounts you owe to us, 6 Comply with our option to purchase your Franchise Business, 7 Distinguish your Premises from any indicia of the Business System, 8 Avoid unfair competition with us, 9 Return all Intellectual Property to us, 10 Discontinue use of the Principal Trademark, 11 Assign your lease to us at our option, and 12 Pay us liquidated damages
j Assignment of contract by us	Section 10 1	We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent or approval
k. "Transfer" by you defined	Sections 10 2 and 10 3	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Franchise Agreement or in your Franchise Business A transfer of less than 25% of the voting rights or ownership interests in the above and a transfer to any other original owner of your Franchise Business is not considered a transfer

Provision	Section in Franchise Agreement	Summary
l Our approval of transfer by you	Sections 10 2 and 10 3	We have the right to approve or disapprove of any transfers
m Conditions for our approval of transfer	Sections 10 2 and 10 3	1 We do not exercise our right of first refusal, 2 You are not in default under any agreement you have with us or any Affiliate 3 You must sign a Franchise Termination and Release Agreement of us, the form of which is attached as Exhibit O, 4 The transferee may not have any other business that competes with us or any Franchise Business, 5 The transferee must sign a new franchise agreement that may impose materially different terms and conditions than those in your original Franchise Agreement but the transferee will not have to pay a new Initial Franchise Fee, 6 The transferee must pay a transfer fee equal to 50% of the then-current Initial Franchise Fee, 7 We must interview and approve the transferee, 8 The transferee must satisfactorily complete our application procedures, 9 The transferee must renovate your Franchise Business as we specify, 10 The transferee must properly assume all your obligations, including your lease, 11 The transferee must successfully complete Initial Training and pay a training fee of $15,000, and 12 We must approve of the proposed terms of sale or other factors involved in the transfer Your buyer will be asked to sign a contract with materially different terms and conditions than your original contract
n Our right of first refusal to acquire your business	Section 10 5	We have the option to purchase on the same terms as contained in the Offer We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information
o Our option to purchase your business	Section 12 4	We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase for cash any assets of your Franchise Business at the fair market value
p Your death or disability	Section 10 4	You or your representative must 1 Provide a replacement manager satisfactory to us, and

Provision	Section in Franchise Agreement	Summary
		2 Your personal representative must transfer the Franchise Business within 6 months of your death in accordance with the transfer provisions of your Franchise Agreement
q Non-competition covenants during the term of the franchise[1]	Subsection 13 1(b)(i)	You may not 1 Influence any Business Associate of us to modify its relationship with us, 2 Have any involvement with any Competitive Business, or 3 Interfere with our business or any of our other Franchise Businesses
r Non-competition covenants after the franchise is terminated or expires[1]	Subsection 13 1(b)(ii)	You may not, for 24 months after the end of your Franchise Agreement 1 Influence any Business Associate of us to modify its relationship with us, 2 Have any involvement with any Competitive Business, within 10 miles of any Franchise Business then in operation or under contract, or 3 Interfere with our business or any of our other Franchise Businesses
s Modification of the agreement	Sections 6 3, 13 1(d), 19 2 and 19 3	Your Franchise Agreement may not be modified without the consent of both you and us except 1 We may change the contents of the HEW Intranet/HEW Operations Manual, 2 We may modify the Business System, and 3 A court may modify any provision of your Franchise Agreement in accordance with applicable law
t Integration/merger clause	Section 19 14	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law) Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim the representations we made in this FDD Any representations or promises outside the FDD and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation[1]	ARTICLE 17	All disputes must be resolved first by mediation and, if mediation is not successful, then by arbitration except claims involving 1 The Intellectual Property, 2 Any lease or sublease of real property, 3 Your obligations upon termination or expiration of your Franchise Agreement, 4 Any transfers, 5 Matters involving claims of danger, health or safety, and

Provision	Section in Franchise Agreement	Summary
		6 Requests for restraining orders, injunctions or similar procedures You must also waive your rights to a jury trial and claims for punitive damages
v Choice of forum[1]	Section 17 4	Subject to state law, any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed Any litigation to enforce the Franchise Agreement must be filed in the courts where our principal office is located when litigation is filed (currently Palm Beach County, Florida)
w Choice of law[1]	Section 17 6	Except to the extent governed by the United States Trademark Act, the United States Copyright Act or the United States Arbitration Act, and subject to applicable state law, the Franchise Agreement is interpreted under Florida law

[1] See Exhibits A and F to this Franchise Disclosure Document for certain state-specific requirements

ITEM 18 - PUBLIC FIGURES

We do not use any public figure to promote our Franchise Businesses

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our Franchise Units and/or Company-Owned Units, if there is a reasonable basis for the information, and if the information is included in this Franchise Disclosure Document We may give you financial performance information that differs from that included in this ITEM 19 only if (1) we provide the actual records of an existing Unit that you are considering buying, or (2) we supplement the information provided in this ITEM 19, for example, by providing information about possible performance at a particular location or under particular circumstances

[GO TO NEXT PAGE]

HISTORICAL FPR

We make the following historical Financial Performance Representations

Company Owned Unit	Annual Gross Revenues[1] in 2018	Average Number of Members in 2018[2]
Jupiter, FL	$630,232 03	459

Franchised Units	Average Annual Gross Revenues[1] in 2018	Average Number of Members in 2018[2]
System Average of Franchised Units Open for 2+ Years	$358,925 35	264
Average of Top 50% of Franchised Units Open for 2+ Years	$500,419 22	348
Average of Bottom 50% of Franchised Units Open for 2+ Years	$243,590 63	185
Median of Units Open for 2+ Years	$339,109 19	241

The Franchised Unit having the highest Gross Revenues in 2018 had Gross Revenues of $573,931 75

The Franchised Unit having the lowest Gross Revenues in 2018 had Gross Revenues of $176,063 01

FOOTNOTES

[1] "**Gross Revenues**" means all revenue earned or received from the nutrition management and fitness services, performance of those services, and products in, at, upon, about, through or from the Franchise Business and every kind and nature related to the Franchise Business, whether for cash or credit and regardless of collection in the case of credit, including insurance proceeds and/or condemnation awards for loss of sales, profits or business, provided, however, that "Gross Revenues" does not include revenues from any sales taxes or other add on taxes you collect from customers for transmittal to the appropriate taxing authority, the retail value of any complimentary services or trade-outs or credit card discounts from Gross Revenues up to a maximum of 2% of Gross Revenues in the aggregate, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Revenues

[2] We took the 13 Franchised Units that have been open for 2+ years and present the average Gross Revenues for 2018 of the top 50% and the average Gross Revenues for 2018 of the bottom 50%, and the median Gross Revenues for 2018 of the top 50% and the median average Gross Revenues for 2018 of the bottom 50%

[3] For membership we took the average of the average, that is the average number of memberships of each Franchised Unit throughout 2018 (total memberships on the last day of the month in each of the 12 months then averaged that over 2018) and present the average of top 50% and the bottom 50%, and the median number of memberships for 2018 of the top 50% and the median number of memberships for 2018 of the bottom 50%

MATERIAL BASES FOR THE HISTORICAL FPR

The following are 6 elements comprising a "material" basis for the historical performance representation

1 **Group Measured** – The group measured is all 13 operating Franchised Units that have been operating for 2+ years and still open as of December 31, 2018

2 **Time Period Measured** – The time period measured is calendar year 2018

3 **Number of Units Measured** – The number of Units measured is 13

4 **Number of Units Reporting** - The number of Units reporting is 13

5 **Number and Percentage of Units** – The number and percentage of Franchised Units that have achieved the stated level of performance is 13 Units representing 100% of all Franchised Units that were operational for 2+ years and still open as of December 31, 2018

6 **Distinguishing Characteristics** - The distinguishing characteristics of the group measured are all Franchised Units that have been operational for 2+ years and still open as of December 31, 2018

ADMONITION

Some Units have earned this amount Your individual results may differ There is no assurance that you will earn as much

SUBSTANTIATION

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

Other than the preceding financial performance representation, we do not make any other financial performance representations We also do not authorize our employees or representatives to make any such other representations orally or in writing If you are purchasing an existing Unit, however, we may provide you with the actual records of that Unit If you receive any other information or projections of your future income, you should report it to our management by contacting contact Matthew B Hunt at 661 Maplewood Drive, Unit 18, Jupiter, FL 33458 and (561) 339-9035, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20 – OUTLETS AND FRANCHISEE INFORMATION

Table No 1

System wide Unit Summary
For Years 2016 to 2018

Column 1 **Unit Type**	Column 2 **Year**	Column 3 **Units at the Start of the Year**	Column 4 **Units at the End of the Year**	Column 5 **Net Change**
Franchised	2016	14	16	+2
	2017	16	17	+1
	2018	17	18	+1
Company-Owned	2016	1	1	0
	2017	1	1	0
	2018	1	1	0
Total Units	**2016**	**15**	**17**	**+2**
	2017	**17**	**18**	**+1**
	2018	**18**	**19**	**+1**

Table No 2

Transfers of Units from Franchisees to New Owners (other than Us)
For Years 2016 to 2018

Column 1 **State[1]**	Column 2 **Year**	Column 3 **Number of Transfers**
Florida[1]	2016	3
	2017	1
	2018	0
Total	**2016**	**3**
	2017	**1**
	2018	**0**

[1] No other states are involved

Table No 3
Status of Franchise Units
For Years 2016 to 2018

Col 1 **State[1]**	Col 2 **Year**	Col 3 **Units at Start of Year**	Col 4 **Units Opened**	Col 5 **Termin-ations**	Col 6 **Non-Renewals**	Col 7 **Re-acquired by Us**	Col 8 **Ceased Operations -Other Reasons**	Col 9 **Units at End of the Year**
California	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Florida	2016	11	2	0	0	0	0	13
	2017	13	2	1	0	0	0	14
	2018	14	2	0	0	0	1	15
Georgia	2016	2	1	1	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	1	1
North Carolina	2016	1	1	1	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Totals	**2016**	**14**	**4**	**2**	**0**	**0**	**0**	**16**
	2017	**16**	**2**	**1**	**0**	**0**	**0**	**17**
	2018	**17**	**3**	**0**	**0**	**0**	**2**	**18**

[1] No other states are involved

Table No 4

Status of Company-Owned Units
For Years 2016 to 2018

Column 1 **State[1]**	Column 2 **Year**	Column 3 **Units at Start of Year**	Column 4 **Units Opened**	Column 5 **Units Reacquired From Franchisee**	Column 6 **Units Closed**	Column 7 **Units Sold to Franchisee**	Column 8 **Units at End of the Year**
Florida	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals	**2016**	**1**	**0**	**0**	**0**	**0**	**1**
	2017	**1**	**0**	**0**	**0**	**0**	**1**
	2018	**1**	**0**	**0**	**0**	**0**	**1**

[1] No other states are involved

Table No 5

Projected Openings as of December 31, 2018

Column 1 **State[1]**	Column 2 **Franchise Agreements Signed But Unit Not Open**	Column 3 **Projected New Franchise Units In the Next Fiscal Year**	Column 4 **Projected New Company Owned Units in the Next Fiscal Year**
California	0	1	0
Florida	3	3	0
TOTALS	**3**	**4**	**0**

[1] No other states are involved

LIST OF CURRENT FRANCHISEES

Exhibit M contains the names, addresses and telephone numbers of all 21 Franchise Businesses under a Franchise Agreement with us, 18 of which are operating and 3 of which are not yet to open

LIST OF FORMER FRANCHISEES

Exhibit M also contains the name, last known home address and home telephone number of the 2 Franchise Business that has been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year (since January 1, 2018) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document

YOUR CONTACT INFORMATION

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

CONFIDENTIALITY AGREEMENTS

There are franchisees who have signed confidentiality clauses during the last 3 fiscal years In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

TRADEMARK-SPECIFIC FRANCHISEE ORGANIZATIONS

The name, address, telephone number, e-mail address, and Web address (to the extent known) of each trademark-specific franchisee organization associated with the franchise system

None

ITEM 21 - FINANCIAL STATEMENTS

Attached as Exhibit N are our

1 Unaudited[1] balance sheet as of March 31, 2019 and our unaudited[1] income statement for the 3-month period ending March 31, 2019

2 Audited comparative financial statements for the fiscal years ended December 31, 2018, December 31, 2017, and December 31, 2016

[1] THE INTERIM BALANCE SHEET AS OF MARCH 31, 2019 AND INCOME STATEMENT FOR THE 3-MONTH PERIOD FROM JANUARY 1, 2019 THROUGH MARCH 31, 2019 WERE INTERNALLY PREPARED BY THE FRANCHISOR IN ACCORDANCE WITH GAAP PROSPECTIVE FRANCHISEES ARE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS COMPILED, REVIEWED OR AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM

Our fiscal year ends December 31

ITEM 22 - CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Franchise Disclosure Document

C	Territory Reservation Agreement
D	Franchise Agreement
E	Approved Location Addendum to Franchise Agreement
F	State Addenda to Franchise Agreement (if applicable)
G	Authorization Agreement for Direct Withdrawals (ACH Debits)
H	Guaranty of Franchisee's Obligations
I	Agreement with Landlord
J	Telephone Number and Directory Advertising Assignment Agreement
K	Software Sublicense Agreement
L	Franchisee Closing Questionnaire

ITEM 23 - RECEIPTS

You will find copies of a detachable Receipt attached as Exhibit Q at the very end of this Franchise Disclosure Document It is not a binding contract This merely verifies that you have received this Franchise Disclosure Document Please complete and sign both copies Keep a copy of your files and mail the other copy to us

EXHIBIT A – STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

The States of California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington require that we amend the Franchise Disclosure Document and Franchise Agreement to conform to their state's franchise laws as part of the state's registration and approval of the franchise offering We must do this before we offer or sell any franchises intended to be operated in those states or to residents of these states For these registration states we have included the applicable Addendum to Franchise Disclosure Document in this Exhibit and Addenda to Franchise Agreement that apply only to residents of that state and/or where the Hard Exercise Works Franchise will be operated in that state

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 As security for our performance for our pre-opening obligations under the Franchise Agreement, we have obtained a surety bond from JW Surety Bonds (the Surety") in the amount of $49,500 (the "Surety Bond") for the benefit of the State of California and for the use of any franchisee who may have a cause of action against us under the provisions of the California Franchise Investment Law The Surety Bond is subject to the following provisions

(a) Any person who sustains an injury covered by the Surety Bond may, in addition to any other remedy that he, she or it may have, bring an action in his, her or its own name upon the Surety Bond for the recovery of any damage sustained by him, her or it

(b) The total aggregate liability of the Surety for all claims which may arise under the Surety Bond is limited to the payment of $49 500

(c) The Surety may cancel the Surety Bond and be relieved of further liability under the Surety Bond by delivering 30 days' written notice to the Commissioner of Business Oversight of the State of California however, such cancellation does not affect any liability incurred or accrued under the Surety Bond before the termination of the 30-day period

(d) The Surety Bond remains in force and effect until the Surety is released from liability by the Commissioner or until the Surety Bond is canceled by the Surety

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

3 Please consider the following additional RISK FACTORS before you buy this franchise

RISK FACTORS

1 THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO LIMITATION OF DAMAGES

2 PURSUANT TO THE FRANCHISE AGREEMENT, THE PARTIES WILL INFORMALLY ATTEMPT TO RESOLVE ANY DISPUTES AT OUR PRINCIPAL PLACE OF BUSINESS IN FLORIDA BEFORE MEDIATION OR ARBITRATION

3 WE RESERVE THE RIGHT TO ESTABLISH, DEVELOP, LICENSE OR FRANCHISE A NON-TRADITIONAL UNIT WITHIN THE EXCLUSIVE TERRITORY

4 WE HAVE THE RIGHT TO BUY A COMPETITIVE BUSINESS IN YOUR EXCLUSIVE TERRITORY

5 WE HAVE COMPLETE DISCRETION TO MODIFY OR DISCONTINUE THE USE OF THE TRADEMARKS AND YOU MUST COMPLY WITHIN 30 DAYS AT YOUR SOLE COST

6 INDIVIDUAL FRANCHISEES ARE REQUIRED TO SIGN A PERSONAL GUARANTEE AND WILL BE PERSONALLY LIABLE FOR ALL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT

7 YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS

8 THE FRANCHISE AGREEMENT INCLUDES A PROVISION THAT PURPORTS TO WAIVE YOUR RIGHT TO SEEK PUNITIVE DAMAGES

9 THE FRANCHISE AGREEMENT INCLUDES A PROVISION THAT PURPORTS TO WAIVE YOUR RIGHT TO BE PART OF A CLASS ACTION

10 THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS INVOLVING THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT ("FDD")

11 ITEM 3 is amended to add Neither we, nor any person in ITEM 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C.A § 78 *et seq*, suspending or expelling these persons from membership in that association or exchange

12 ITEM 6 and ITEM 10 are amended to add that the maximum interest rate in California is 10% annually

13 ITEM 17 The following additional paragraphs are added

(a) California Business and Professions Code §§ 20000 through 20043 provides you rights concerning termination or nonrenewal of a Franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law controls

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

(c) The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the Franchise This provision may not be enforceable under California law

(d) The Franchise Agreement contains a liquidated damages clause Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable

(e) The Franchise Agreement requires binding arbitration The arbitration will occur in Palm Beach County, Florida with the costs being born by the non-prevailing party Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code § 20040 5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

(f) The Franchise Agreement requires application of the laws of the State of Florida This provision may not be enforceable under California law

(g) You must sign a Franchise Termination and Release Agreement 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)

14 ITEM 19 - Financial Performance Representations

"The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business Franchisees or former franchisees listed in this Franchise Disclosure Document may be one source of this information"

15 Section 31125 of the California Corporations Code requires us to give you a Franchise 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 (California Corporation Code §§ 31000 through 31516)

16 Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 2000 through 20043)

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

HAWAII ADDENDUM TO FRANCHISE DISCOSURE DOCUMENT

1 ITEM 17 of the Franchise Disclosure Document is amended by the addition of the following language to the original language

Upon termination or refusal to renew the Franchise Business, we will compensate you for the fair market value your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated We will not compensate you for your personalized materials that have no value to us If we refuse to renew your Franchise Business because we desire to convert your Franchise Business to a Company-Owned Unit, we, in addition to the remedies provided in this paragraph, will compensate you for the loss of goodwill We may deduct from this compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment, and furnishings, and may offset from this compensation any moneys due us

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void

2 ITEM 17, (v) and (w), respectively, are amended to add the following paragraphs

(v) Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of this State is void as to any cause of action that otherwise is enforceable in this State, but a Franchise Agreement may provide for arbitration in a forum outside of this State

(w) Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act The Franchise Agreement will be interpreted and construed under Illinois law

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 ITEM 17(c)(7) is amended to add the following sentence

The Franchise Termination and Release Agreement required as a condition of renewal, sale and/or assignment/transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law

2 ITEM 17(h) is amended to add the following sentence

The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U S C Section 101 *et seq*)

3 ITEM 17(m)(3) is amended to add the following sentence

The Franchise Termination and Release Agreement required as a condition of renewal, sale and/or assignment/transfer does not apply to any l ability under the Maryland Franchise Registration and Disclosure Law

4 ITEM 17(v) is amended to replace the existing Summary language with the following sentence

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the Franchise

NOTICE FOR PROSPECTIVE FRANCHISEES REQUIRED BY THE STATE OF MICHIGAN

HEW Franchising, LLC
661 Maplewood Drive
Unit 18
Jupiter, FL 33458
(561) 339-9035

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

Each of the following provisions is void and unenforceable if contained in any documents involving a Franchise

(a) A prohibition on your right to join an association of franchisees

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel that deprives you of rights and protections provided in the Michigan Franchise Investment Law This will not preclude you, after entering into a Franchise Agreement, from settling any claims

(c) A provision that permits us to terminate your Franchise before the expiration of its term except for good cause Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure any failure after being given written notice of that failure and a reasonable opportunity, which need not be more than 30 days, to cure the failure

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value of your inventory, supplies, equipment, fixtures and furnishings Personalized materials that have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise Business are not subject to compensation This subsection applies only if

(i) the term of the Franchise is less than 5 years, and

(ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area after the end of the franchise or you do not receive at least 6 months' advance written notice of our intent not to renew the Franchise

(e) A provision that permits us to refuse to renew your Franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring arbitration or litigation be conducted outside this state This will not preclude you from entering into an agreement when the dispute arises, to conduct arbitration at a location outside this state

(g) A provision that permits us to refuse to permit a transfer of ownership of your Franchise, except for good cause This subsection does not prevent us from exercising a right of first refusal to purchase your franchise Good cause includes

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards

(ii) The fact that the proposed transferee is our competitor

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

(iv) Your failure or the proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing when the transfer is proposed

(h) A provision that requires you to resell to us items that are not uniquely identified with us This subsection does not prohibit a provision that grants to us a right of first refusal to purchase the assets of your Franchise on the same terms as a bona fide third party willing and able to purchase those assets This subsection does not prohibit a provision that grants us the right to acquire the assets of your Franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subsection (c)

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

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

Any questions regarding the notice should be directed to Consumer Protection Division, Antitrust and Franchise Unit, Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913 (517) 373-7117

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 ITEM 13 is amended by the addition of the following language to the original language

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) 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

2 ITEMS 17(c) and (g) are amended by addition of the following language

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 franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld

3 ITEMS 17(c) and (m) are amended by addition of the following language

Minnesota Rules 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a Franchise Termination and Release Agreement

4 ITEMS 17(q) and (r) are amended by addition of the following language

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

5 ITEM 17(u) is amended by addition of the following language

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C 17, Subd 5

6 ITEMS 17(v) and (w) are amended by the addition of the following language

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 agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) the franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

NEW YORK ADDENDUM TO OFFERING PROSPECTUS

1 All references made herein to a Franchise Disclosure Document (FDD) shall be amended refer to an Offering Prospectus

2 ITEM 3 is amended to add the following paragraph

Neither the Franchisor, its Predecessor, a person identified in ITEM 2, nor 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

B Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

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

3 ITEM 4 is amended to add the following paragraph

Neither the Franchisor or any predecessor, officer or general partner of the Franchisor has, during the 10-year period immediately preceding the date of the Offering Prospectus, been adjudged bankrupt or reorganized due to insolvency, or was a principal office of the company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that any officer or general partner of the Franchisor held that position in that company or partnership, or when any bankruptcy or reorganization proceeding has been commenced

4 ITEM 8, **Revisions to Manuals** is amended to add the following sentence

However, no changes to the Manuals will be made that would impose an unreasonable economic burden on you or unreasonably increase your obligations

5 ITEM 17(c)(6) is amended to add the following

, provided, however that all rights you enjoy and any causes of action from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under it will remain in force, it being the intent of this proviso that the non-waiver provisions of GBL 687 4 and 687 5 be satisfied

6 ITEM 17(d) is amended to add the following sentence

You may terminate the Franchise Agreement on any ground available by law

7 ITEM 17(j) is amended to add the following sentence

No assignment will be made except to an assignee that, in our good faith judgment is able to assume our obligation under the Franchise Agreement

8 ITEM 17(m)(3) is amended to add the following

, provided, however that all rights enjoyed by you and any causes of action from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under it will remain in force, it being the intent of this proviso that the non-waiver provisions of GBL 687 4 and 687 5 be satisfied

9 ITEM 17(u) is amended to add the following paragraph

Your agreement to our right to obtain injunctive and other relief for your breach of covenants not to compete and non-disclosure covenants contemplates only our right to obtain injunctive and other relief, only after the proper proofs are made and the appropriate judicial or arbitrative authority grants the relief Nothing in these provisions constitute a waiver by you of your right to defend any action

10 ITEM 17(v) is amended to add the following paragraph

The choice of forum will not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York

NEW YORK MATERIAL FACT STATEMENT

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

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 ITEM 17(c) is amended to delete the requirement that you must sign and deliver to us a Franchise Termination and Release Agreement in our favor as part of the renewal of the franchise

2 ITEM 17(m) is amended to delete the requirement that you must sign and deliver to us a Franchise Termination and Release Agreement in our favor as part of the transfer of the franchise

3 ITEM 17(o) is amended to add the following paragraph

> If the parties cannot agree on fair market value within a reasonable time, an independent appraiser will be selected by both parties If the parties are unable to select an appraiser together, then one will be chosen by us, one by you and the two appraisers will select a third

4 ITEMS 17(q) and (r) are amended to state that "Covenants not to complete as mentioned in these ITEMS are generally considered unenforceable in the State of North Dakota

5 ITEM 17(u) is amended is provide that the location of mediation, arbitration or litigation be agreeable to all parties

6 ITEM 17(v) is amended to state that any litigation or arbitration proceeding begun for the purpose of enforcing the Franchise Agreement will be filed in the courts and arbitration board located in the State of North Dakota

7 ITEM 17(w) is amended to change the governing law from Florida to North Dakota

RHODE ISLAND ADDENDUM FRANCHISE DISCLOSURE DOCUMENT

1 ITEM 17(v) is amended to add the following sentence

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void as to a claim otherwise enforceable under this Act

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1 ITEM 17(h) is amended to read as follows

Under Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for us to cancel a Franchise without reasonable cause If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

2 ITEM 17(x) is amended to read as follows

Virginia law applies

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

STATE OF WASHINGTON FRANCHISEE'S TERMINATION AND RENEWAL RIGHTS
RCW 19.100 180(2) (g), (i) and (j)

FRANCHISE TERMINATION AND RELEASE AGREEMENT

Any provisions regarding your signing a Franchise Termination and Release Agreement of any claims against us does not apply to a release of any claims arising under the Washington Franchise Investment Protection Act except when signed as part of a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act including the right to a jury trial may not be enforceable

RENEWAL

We will not refuse to renew a Franchise without fairly compensating you for the fair market value of your inventory, supplies, equipment, and furnishings purchased from us and goodwill when the franchise expires, exclusive of personalized materials which have no value to us, and inventory, supplies, equipment and furnishing not reasonably required in the conduct of the Franchise Business However, compensation will not be made to you for goodwill if (a) you have been given 1 year's written notice of nonrenewal, and (b) we have agreed in writing not to enforce any covenant which restrains you from competing with us We may offset against amounts we owe you, any amounts you owe us

TERMINATION

We will not terminate a Franchise before the expiration of its term except for good cause Good cause includes your failure to comply with lawful material provisions of the Franchise Agreement or other agreement between you and us and to cure the default after being given written notice and a reasonable opportunity, which need be at least 30 days in which to cure the default, or if the default cannot reasonably be cured in 30 days, your failure to initiate within 30 days substantial and continuing action to cure the default After 3 willful and material breaches of the same provision of the Franchise Agreement occurring within a 12-month period, for which you have been given written notice and an opportunity to cure, we may terminate the Franchise Agreement upon any later willful and material breach of the same provision within the 12-month period without providing you written notice or opportunity to cure We may terminate a Franchise without giving you prior written notice or opportunity to cure a default if you

I are adjudicated a bankrupt or insolvent,

II make an assignment for the benefit of creditors or similar disposition of the assets of the Franchise Business,

III voluntarily abandon the Franchise Business, or

IV are convicted of or plead guilty or no contest to a charge of violating any law involving the Franchise Business

Upon termination for good cause, we will purchase from you at a fair market value your inventory and supplies, exclusive of

I personalized materials that have no value to us,

II inventory and supplies not reasonably required in the conduct of the Franchise Business, and

III if you retain control of the Premises of the Franchise Business, any inventory and supplies not purchased from us or on our express requirement

We may offset against any amount we owe you, any amounts you owe us

EXHIBIT B -LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner of Business Oversight California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 (866) 275-2677	Commissioner of Business Oversight California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104
HAWAII	Business Regulation Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities 335 Merchant Street Room 203 Honolulu, HI 96813
ILLINOIS	Illinois Attorney General 500 S Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 Saint Paul Place Baltimore, MD 21202-2020
MICHIGAN	Michigan Attorney General's Office Consumer Protection Division Attn Franchise Section 525 W Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau 6546 Mercantile Way P O Box 30222 Lansing, MI 48910
MINNESOTA	Franchise Examiner Minnesota Department of Commerce 85 7th Place East Suite 500 St Paul, MN 55101-2198 (651) 539-1600	The Commissioner of Commerce of Minnesota Department of Commerce 85 7th Place East Suite 500 St Paul, MN 55101-2198

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 23rd Floor 120 Broadway New York, NY 10271 (212) 416-8211	Secretary of State of the State of New York 99 Washington Street Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol 5th Floor, Department 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Bismarck, ND 58505-0510
OREGON	Department of Consumer and Business Services Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	Department of Consumer and Business Services Labor and Industries Building Salem, Oregon 97310 (503) 378-4140
RHODE ISLAND	Chief Securities Examiner Division of Securities John O Pastore Building 69-1 1511 Pontiac Avenue Cranston, RI 02920-4407 (401) 462-9500	Director of Rhode Island Department of Business Regulation John O Pastore Building 69-1 1511 Pontiac Avenue Cranston, RI 02920-4407
SOUTH DAKOTA	Franchise Administrator Department of Labor and Regulation SD Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporate Commission Division of Securities and Retail Franchising 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, VA 23219
WASHINGTON	Administrator Department of Financial Institutions Securities Division P O Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Franchise Administrator Division of Securities Department of Financial Institutions P O Box 1768 Madison, WI 53701 (608) 266-8559	Commissioner of Securities of Wisconsin 101 East Wilson Street Madison, WI 53702
ALL OTHER STATES	Not Applicable	Keith J Kanouse, Esq Kanouse & Walker, P.A One Boca Place, Suite 324 Atrium 2255 Glades Road Boca Raton, FL 33431

EXHIBIT C – TERRITORY RESERVATION AGREEMENT

5/16/19

TERRITORY RESERVATION AGREEMENT

THIS TERRITORY RESERVATION AGREEMENT (the "Agreement") is signed on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("we," "us" or "our") and _____ ("you" or "your")

BACKGROUND

A You are interested in reserving a territory in which to find a location for a Hard Exercise Works Franchise as described in Exhibit A (the "Reserved Area")

B We have agreed to grant you a right to purchase for a Hard Exercise Works Franchise within the Reserved Area in accordance with the terms of this Addendum

The parties agree as follows

TERMS

1 You acknowledge that you have received from us a copy of our Franchise Disclosure Document dated May 16, 2019 (the "FDD") that includes as exhibits this Agreement, the Franchise Agreement and all other exhibits listed in the FDD's Table of Contents You acknowledge that you have had a copy of the FDD for at least 14 days before you signed this Agreement or before you paid us the Reservation Fee or any other consideration for a Hard Exercise Works Franchise The dispute resolution provisions of ARTICLE 17 of the Franchise Agreement are incorporated into this Agreement by reference and are a part of this Agreement

2 In consideration of your payment of a reservation fee of $5,500 to us (the "Reservation Fee"), for 12 months from the date of this Agreement, we grant you the exclusive right to find a location that we approve for your purchase of a Hard Exercise Works Franchise within the Reserved Area, subject to Sections 3, 4 and 5

3 However, if we receive an offer from another prospective franchisee that (i) has received our then-current form of FDD, (ii) has gone through our initial franchise inquiries, (iii) has completed a business plan and proforma, (iv) is financially qualified, and (v) wants to complete a Discovery Day visit, we will share his or her interest and the proposed location with you and send you our current form of FDD You will have 30 days from the date you receive in which to decide to purchase a Hard Exercise Franchise for this location

4 If you elect to purchase a Hard Exercise Works Franchise for the location by timely giving us written notice, you agree to close on the purchase the Hard Exercise Works Franchise within 30 days from the date you give us notice and sign the Franchise Agreement and related documents included as Exhibits to the FDD for this location We will credit the Reservation Fee against the Initial Franchise Fee

5 If you do not decide to purchase a Hard Exercise Works Franchise for the intended location, we are free to sell the Franchise to the other prospective franchisee In this event we will refund the Reservation Fee without interest to you and this Agreement terminates You must sign the Franchise Termination and General Release Agreement attached as Exhibit O to our FDD

6 We may cancel this Reservation Agreement at any time in our sole discretion by returning the Reservation Fee without interest to you

6 This right of first refusal expires automatically upon the termination or expiration of any Franchise Agreement or other agreement between the parties

IN WITNESS WHEREOF, the parties have signed this Reservation Agreement as of the day and year set forth above

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

EXHIBIT A –MAP OF RESERVED AREA

EXHIBIT D - FRANCHISE AGREEMENT

5/22/19

HARD EXERCISE WORKS FRANCHISE AGREEMENT

between

HEW Franchising, LLC,
a Florida limited liability company

and

_____

Dated _____, 2019

Approved Location _____

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EXHIBIT A – MAP OF EXCLUSIVE TERRITORY

HARD EXERCISE WORKS FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is signed on _____, 2019 between HEW Enterprises, LLC, a Florida limited liability company, as the Franchisor, and _____, as the Franchisee

We have written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that this Agreement covers before you sign it In this Agreement, we refer to HEW Enterprises, LLC, the Franchisor, as "we," "us" or "our" We refer to the Franchisee as "you" or "your" If you are a Business Entity, we refer to its equity owners as the "Franchise Owners" All capitalized terms are defined in ARTICLE 18

BACKGROUND

A We have developed a fitness business that offers nutrition accountability programs, group training programs and other fitness services (based on similar principles as U S Navy S E.A L workouts) to get members into shape operating under the trade name "Hard Exercise Works®"

B We have devised a uniform system for the establishment and operation of Hard Exercise Works Franchise, including a distinctive exterior and interior design, trade dress décor and color scheme, uniform standards, specifications, and procedures for operations, procedures for quality control, training and ongoing operational assistance, advertising and promotional programs, and other related benefits for use of Franchisee under the Marks, all of which we may change, improve and further developed from time to time

C You desire to obtain a franchise from us for the right to use the Marks and the expertise for operating a Hard Exercise Works Franchise and to obtain the benefits and knowledge of our System including, as detailed in our HEW Intranet/HEW Operations Manual, business design, operating methods, product preparation, advertising, sales techniques and materials, signs, personnel management, control systems, bookkeeping and accounting methods, and in general a style, method and procedure of business operation utilizing the Marks

D You recognize the benefits to be derived from being identified with and licensed by us and understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the Franchise Business in conformity with our standards and specifications

E You have had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the development and operation of the Franchise Business as well as the competitive market in which it will operate

F You have had a full and adequate opportunity to seek independent legal counsel to advise you of the terms and conditions of this Agreement and your rights and obligations to us under this Agreement

G We have reviewed your application and have decided to award a Hard Exercise Works Franchise to you evidenced by this Agreement

TERMS

The parties agree as follows

ARTICLE 1 - APPOINTMENT

SECTION 1 1 GRANT OF FRANCHISE

We grant to you the right and you undertake the obligation, to develop and operate a Franchise Business subject to the terms of this Agreement You will operate the Franchise Business in accordance with the Business System We grant you the right to use the Principal Trademark and other Intellectual Property You will operate the Franchise Business only at the location described in Section 1 2

SECTION 1 2 LOCATION OF YOUR FRANCHISE BUSINESS

(a) **Existing Premises** You agree that you will operate your Franchise Business only at the Premises described in Section 18 1

(b) **Premises to be Determined** If the Premises do not exist at the time the parties sign this Agreement, the Premises will be at a location that you select and we approve We will describe the approved location in the Approved Location Addendum attached as Exhibit E to the FDD that the parties will sign at that time

(c) **Change in Location** You cannot change the location of the Premises without our written consent and your compliance with our relocation procedures

SECTION 1 3 EXCLUSIVE TERRITORY

We grant you an Exclusive Territory described in ARTICLE 18 and the attached Map During the Initial Term, if you are not in default, we agree not to open the premises of a Company-Owned Unit within your Exclusive Territory or franchise another Hard Exercise Works Franchise having premises located within your Exclusive Territory This does not mean that there might not be overlap with a Company-Owned Unit's or another Franchised Unit's exclusive territory as long as the premises of the Company-Owned Unit or the other Franchised Unit is not physically located in your Exclusive Territory In addition, we expressly reserve the rights stated in Section 5 7 These reserved rights are superior to your rights we grant to you under this Agreement

SECTION 1 4 MEMBERS' PREROGATIVE

Prospective members residing in your Exclusive Territory may choose to become Members of another Franchise Business located outside of your Exclusive Territory Prospective members residing outside of your Exclusive Territory may choose to become Members of your Franchise

Business The Manual contains rules for dealing with membership sales by a Franchise Business to persons residing outside your Exclusive Territory and residing in another Hard Exercise Works Franchisee's area concerning allocation of membership fees, referral fees, etc, and dealing with member transfers between Franchise Businesses, transfer fees, etc We reserve the right to adopt and implement procedures prohibiting, limiting or regulating your business conduct, solicitation and marketing in the exclusive territories other Hard Exercise Works Units or Company-Owned Units

SECTION 1 5 RECIPROCAL MEMBERSHIP PROGRAM

Each member of any Franchised Unit or Company-Owned Unit has the right to use any Hard Exercise Works Unit in accordance with the terms and conditions of the Membership Agreement included in the HEW Intranet/HEW Operations Manual

SECTION 1 6 RELOCATION OF YOUR FRANCHISE BUSINESS

(a) **Loss of Lease** If you lease the Premises and the lease expires or terminates before the expiration of this Agreement (provided termination is not due to your default), you must begin new location search 12 months before lease expiration or termination We permit you a maximum of 5 non-operational days for the relocation of your Franchise Business, unless we otherwise agree in writing to extend the time The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in writing in accordance with Section 2 1 During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Continuing License Fee, but are not required to spend funds on Local Advertising Your failure to secure a new location and begin operation within the specified time is an Event of Default on your part

(b) **Casualty** If the Premises is substantially destroyed by fire or other casualty and the lease is terminated by either you or landlord as a result of the casualty, we permit you 60 days in which to locate and sign a lease of the new Premises within your Exclusive Territory following the date on which the lease is terminated The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in writing in accordance with Section 2 1 During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Continuing License Fee but you are not required to spend funds on Local Advertising You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part The provisions of this Section are not applicable if the Premises is substantially destroyed by fire or other casualty, but the lease is not terminated as a result of the casualty, so long as you re-open the Premises for the full operation of a Hard Exercise Works Franchise in compliance with this Agreement within 180 days from the date of the casualty, unless we otherwise agree in writing to extend the 180-day period

(c) **Condemnation** You will give us notice of any proposed taking of the Premises by eminent domain, as soon as possible We permit you 60 days from the date you have to vacate the Premises to obtain a lease for the new Premises within your Exclusive Territory The relocated Premises must not infringe upon the exclusive territory of a Company-Owned Unit or another Franchised Unit then operating or under development We must approve the new location in

writing in accordance with Section 2 1 During the period when your Franchise Business is not in operation due to the relocation of the Premises, you must still pay the Continuing License Fee but you are not required to spend funds on Local Advertising You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part

(d) **Relocation Fee** If you must relocate your Franchise Business, you will pay us a Relocation Fee of $5,000 to reimburse us for our costs incurred in assisting you with relocation

ARTICLE 2 - OUR DUTIES

We will provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement

SECTION 2 1 LOCATION SELECTION ASSISTANCE

(a) **Our Approval of Location** You must obtain our written approval of the proposed locations for the Premises for your Franchise Business before you sign a lease or begin any construction You have 90 days from the Agreement Date to find an approved location

(b) **Location Selection Criteria** We will supply you our location selection criteria Within 30 days after signing this Agreement, you must find a location that you believe meets our criteria You must send to us all material information regarding the proposed location including (a) pictures of the location, (b) population demographics within a 5-mile radius of the location, (c) information regarding traffic counts and patterns, (d) number of parking spaces, (e) visibility from the roadways, (f) the predominant character of the neighborhood, (g) competitive businesses within the area, (h) the nature of other businesses in proximity to the location, (i) the size, appearance and other physical characteristics of the location, (j) and inline tenant notification of our business model of exercise specifically relating to possible vibration from Olympic lifting We will not unreasonably withhold our approval of any location meeting our standards We will review location approval submissions on a first-in basis but within 30 days of your submission If we do not approve the location, you have 30 days in which to submit a new location within the Reserved Area for our written approval If we have not approved a location within 3 months after the Agreement Date, we have the right to either extend the period an additional 3 months if you are diligently seeking to find a location or terminate the Franchise Agreement if you have ceased your efforts to find a location If we terminate the Franchise Agreement we will retain the Initial Franchise Fee You must also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O

(c) No Special Expertise WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING LOCATIONS FOR THE OPERATION OF A FRANCHISE BUSINESS OUR APPROVAL OF A LOCATION IS NOT A REPRESENTATION OR WARRANTY THAT THE FRANCHISE BUSINESS WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS OUR APPROVAL IS ONLY OUR INDICATION THAT THE PROPOSED LOCATION MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING LOCATIONS

SECTION 2 2 LEASE ASSISTANCE

If you intend to lease your Premises from a third party, you may use our designated Agent of Record (currently, Fischer Company) to assist you in finding a suitable location We will advise you in your lease negotiations including giving you our Lease Requirements contained in the HEW Intranet/HEW Operations Manual Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval Our approval will be given upon compliance with our Lease Requirements and when we, you and the property owner sign our form of Agreement with Landlord attached as Exhibit I to the Franchise Disclosure Document It is your primary responsibility to negotiate the terms of the Lease **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN NEGOTIATING LEASES YOU AGREE THAT OUR APPROVAL OR DISAPPROVAL OF A PROPOSED LEASE DOES NOT IMPOSE ANY LIABILITY ON US**

SECTION 2 3 PLANS AND SPECIFICATIONS

We will loan to you our prototype brand identification, sample equipment layouts and floor plans and architectural drawings for the premises of other Franchisees "(Drawings") for the construction of the Premises We also loan to you our specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features and design and layout we make available to you (collectively, the "Design Specifications") The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion The Drawings and Design Specifications are contained in the HEW Intranet/HEW Operations Manual You must comply with local ordinances and building codes, and obtain any required permits On or before the Opening Date, you must return these Drawings and Design Specifications to us

SECTION 2 4 BUSINESS PLANNING ASSISTANCE

You may prepare your own business plan and/or pro forma financial projections We will provide you with referrals offering working capital lines of credit, term loans and/or equipment lease financing

SECTION 2 5 WEBSITE, INTRANET

We have created a Website, www hardexerciseworks com and an Intranet for use by our Franchisees and us We will list your Franchise Business on our Website

SECTION 2 6 ACCOUNTING, COST CONTROL, NUTRITION MANAGEMENT AND FITNESS SERVICES AND PRODUCTS SYSTEMS

We will provide you with the requirements for a standardized system for accounting, cost control, nutrition management and fitness services and products control

SECTION 2 7 LISTS, FORMS AND SCHEDULES

We will loan to you, either in hard copy form or as electronic files, the following for use in the operation of the Franchise Business

(a) **List of Items** A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchise Business and a list of Designed Suppliers, Approved Suppliers and product specifications,

(b) **Specifications** Specifications for business cards, stationary, receipts, point-of-sale materials, frequent customer cards, gift cards, reporting documents, and other business forms and materials we deem necessary for the operation of the Franchise Business that you purchase from Approved Suppliers

(c) **Reporting** Requirements regarding your establishment of daily, weekly and monthly reporting systems, bookkeeping procedures, and accounting procedures, which you must adopt and implement at the Franchise Business

(d) **Forms.** We will supply you with our sample forms of membership agreement and waiver

(e) **Materials** We will loan you copies of our advertising and marketing materials

These forms and schedules are contained in the HEW Intranet/HEW Operations Manual **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS WE PROVIDE TO YOU YOU MUST RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE THESE AGREEMENTS AND FORMS SO THEY COMPLY WITH ALL APPLICABLE FEDERAL AND STATE LAWS.**

SECTION 2 8 EMPLOYEE INFORMATION AND ASSISTANCE

We will provide to you employee hiring information including pay scale guidelines and a standardized interviewing/selection system as described in the HEW Intranet/HEW Operations Manual No employee of yours is an employee of ours for any purpose whatsoever You are solely responsible for the hiring, disciplining, supervising, promoting and firing of your employees and the establishment of their salaries as provided in Section 4 6

SECTION 2 9 INITIAL TRAINING

(a) **Initial Training** We will provide 12 days of Initial Training for up to 2 Trainees at our Corporate Headquarters and at our Company-Owned Unit in Jupiter, Florida We must approve all Trainees You, a Franchise Owner or a Designated Representative must be one of the Trainees If you, the Franchise Owner or the Designated Representative will not be managing the day-to-day operations of your Franchise Business, you may designate another person as your General Manager to manage the day-to-day activities of your Franchise Business as the other Trainee We will give you not less than 15 days' written notice of when training will begin In order for training to begin, you must have received a Certificate of Occupancy and Health Department approval for the Premises, and all furniture, fixtures and equipment is installed and functioning All Trainees must successfully complete our Initial Training to our satisfaction Each Trainee that is not a Franchise Owner or a Guarantor must sign our form of Confidentiality, Non-Solicitation and Non-Competition Agreement (the form of which is included in the HEW Intranet/HEW Operations Manual) as a condition of our approval The Initial Training program includes facility development, product purchasing and sources of supply, instruction in marketing, promotion and advertising, merchandising techniques, sales techniques, customer service techniques and procedures for services Training programs may differ in content and length for you, a Franchise Owner or the Designated Representative, your General Manager and your other employees depending upon their previous experiences and their responsibilities at your Franchise Business Initial Training is included in the Initial Franchise Fee You are responsible for all expenses of the Trainees to attend Initial Training including all payroll, travel, lodging and meal expenses If you elect to have more

than 2 Trainees attend Initial Training, you must pay us a training fee for each additional person (currently $250 per day) and pay all their expenses

(b) **Failure to Complete Initial Training** If you, a Franchise Owner or the Designated Representative, or your General Manager fails to complete Initial Training, as we reasonably determine, we may (i) at your expense and direction, retrain the Trainee or train another Trainee, or (ii) elect to terminate this Agreement If we elect to terminate this Agreement, we will refund to you 50% of the Initial Franchise Fee without interest, and we will retain the balance to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities You will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD

(c) **No Warranty of Success** Our determination that your Trainees have successfully completed any Initial Training, Post-Opening On-Location Training or Additional Training is not a warranty or representation that a Trainee will successfully operate the Franchise Business or any aspect of the Franchise Business

SECTION 2 10 ACCESS TO THE OPERATION & POLICIES MANUAL

We will give you access to the HEW Intranet/HEW Operations Manual and any supplemental manuals through our Intranet Our practice is to give you access you shortly after you sign this Agreement

SECTION 2 11 PRE-OPENING INSPECTION

We will provide periodic on-locations assistance and inspection of the installation of the furniture, fixtures and/or equipment and will generally inspect the Premises We will provide you with advice, as we deem appropriate, to insure that you conform your Premises to our applicable standards before the Opening Date

SECTION 2 12 PRE-OPENING ON-LOCATION TRAINING

We will make available to you ppre-opening, on-location training of 2 to 5 days conducted at your Franchise Business shortly before or after the Opening Date The on-location training program will cover material aspects of the operation of the Franchise Business including financial control, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, merchandising techniques, promotional techniques, operations, purchasing and sales

SECTION 2 13 LICENSE OF INTELLECTUAL PROPERTY

Subject to this Agreement, we license to you the right to use the "Hard Exercise Works®" Principal Trademark and the other Intellectual Property

SECTION 2 14 SUBLICENSE OF SOFTWARE

We sublicense to you the right to use the MindBody® Software, the Constant Contact® Software, the Waiver King® Software, the Rallio® Software, the Qvinci® Software and the Rockbot Software pursuant to the Software Sublicense Agreements included in Exhibit M of the FDD

SECTION 2 15 MINDBODY TRAINING

We will provide live training provided by staff at MindBody, Inc via the Internet and telephone after MindBody locations setup to learn to use the Mindbody software

SECTION 2 16 GRAND OPENING ASSISTANCE

We will assist you in the grand opening of the Franchise Business including (i) social media promotion, (ii) preparation of a press release, (iii) providing you advice and guidance with regard to staffing, decoration, advertising, (iv) developing a guest list and (v) assisting you in hosting a grand opening celebration

SECTION 2 17 CONTINUED ASSISTANCE AND SUPPORT

Upon the opening of your Franchise Business, we will or may provide to you the following

(a) **Field Visits** We will assist you in the continued development and operation of your Franchise Business that may include periodic visits by one of our field representatives

(b) **Additional Training at Your Office** We will provide additional training resources, at a cost to you to be determined by us (after the first year) to assist you at your Office for hourly employees

(c) **Operational Advice** We may provide you from time to time, as we deem appropriate, such merchandising, marketing and other data and advice as we may from time to time develop and we deem to be helpful in the managing and operating the Franchise Business including by a visit by one of our field representatives, virtual communication, telephone, or by newsletter or bulletins made available from time to time to all Franchisees

(d) **Advertising Assistance** We may, from time to time, provide to you, at your expense, such advertising and promotional plans and materials for Local Advertising

(e) **Seminars** We may conduct additional virtual or hands-on seminars, or other training programs for your benefit or the benefit of your employees We may charge a reasonable fee for such seminar or program if it is deemed appropriate You will pay for any traveling, living and other expenses incurred by you or your employees to attend a seminar

(f) **Additional Training at Our Office** You will complete and/or cause your employees to complete, to our satisfaction, such other additional training as we may reasonably require from time to time You may make a reasonable request for training in addition to that specified in Subsection 2 17(b) We will provide such training, at your expense, including any travel, lodging, meals and other related costs

(g) **Plans, Policies, Developments and Activities** We may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on behalf of Hard Exercise Works® regarding its plans, policies, developments and activities In addition, Franchisor may provide such communication concerning new developments, techniques and improvements management, which Franchisor feels are relevant to the operation of the Business

(h) **Website, Intranet.** We will maintain the Website and Intranet for use by our Franchisees and us in accordance with Subsection 4 13(c) and Section 7 4

(i) **E-mail Address and Accounts** We will give you an e-mail address We provide you up to 3 e-mail addresses, which are limited to Franchise Owners, the Designated Representative and your General Manager We have established reasonable standards for e-mail accounts and their use, which we may periodically revise You will have reasonable time within which to upgrade when standards change From time-to-time, we will send important information to your Hard Exercise Works e-mail address To stay informed on developments affecting the Business System and your Franchise Business, you agree to check your e-mail at least daily You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail You must send to us an acknowledgment of receipt of our e-mail to you

(j) **Production of Advertising Materials** We will make available to you various advertising, marketing, and promotional materials using funds from the Brand Fund for your use in your DMA

(k) **Advertising and Public Relations Campaigns** We will generally promote the Franchise Businesses through advertising and public relations campaigns using funds from the Brand Fund

(l) **Reciprocity Management** We will oversee the distribution of your membership information to other Hard Exercise Works Franchisees to permit your Members to use the facilities of other Hard Exercise Works© Franchisees and *vis versa*

(m) **Research and Development** We will continue to research and develop new products and services and other aspects of the Business System, as we deem appropriate in our sole discretion We may conduct market research and testing to determine consumer trends and the salability of new products and services You acknowledge that we may choose to offer certain products or services that are not a normal part of the Business System to certain Franchisees for test marketing or other purposes You agree that we may not make these products or services available to you for testing If we select your Franchise Business, and if you agree, you will participate in our market research programs, in test marketing new products and/or services in the Franchise Business If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services to be tested and to effectively promote and make a good faith effort to sell them You will provide us with timely reports and other relevant information regarding that market research

SECTION 2 18 OUR TEMPORARY OPERATION OF YOUR FRANCHISE BUSINESS

Upon the happening of any of the events described below, we have the right (but not the obligation) to enter your Premises and to operate and manage your Franchise Business for your (or your estate's) account until this Agreement is terminated, the assets are transferred to a party under Subsection 10 2(b), we purchase the assets, or until you resume control over your Franchise Business and you operate the Franchise Business in accordance with this Agreement We may temporarily operate your Franchise Business on your behalf

(a) **Cessation of Business** If you fail to operate your Franchise Business for more than 5 Business Days or you abandon the Premises and cease operating the Franchised Business without our prior written consent, unless due to Force Majeure

(b) **Death or Incapacity** If you, a Franchise Owner or Designated Representative dies or becomes permanently incapacitated, and the assets comprising the Franchise Business or the ownership interests in the Franchisee, if a Business Entity, are not assigned promptly under Section 10 4

(c) **Material Breach** If you materially breach any of our standards and specifications for the operation of your Franchise Business after we have given any required written notice and any applicable cure period has expired

(d) **Our Purchase of Assets** If we elect to terminate this Agreement and we elect to purchase the assets comprising the Franchise Business as provided in Section 12 4

If we elect to operate your Franchise Business, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee of $500 per day (in addition to Continuing License Fees, Technology Fees and any Advertising Contributions) for our management of your Franchise Business Our operation and management will not continue for more than 30 days, but be renewable as necessary for up to 1 year We will periodically discuss the status with you or the representatives of your estate

SECTION 2 19 DUTIES SOLELY TO YOU

All of our obligations under this Agreement are only to you No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations directly or by subrogation

SECTION 2 20 OUR RIGHT TO DELEGATE DUTIES

You agree to our right to delegate our duties under this Agreement to a Designee You must discharge your duties with our Designee to the extent we request We remain responsible for our obligations under this Agreement even if delegated to our Designee

SECTION 2 21 OUR REASONABLE BUSINESS JUDGMENT

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations using reasonable business judgment in making our decision or exercising our rights Our decisions or actions are deemed to be using reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the Business System generally, even if the decision or action also promotes our financial or other interest Examples of items that will promote or benefit the Business System include enhancing the value of the Intellectual Property, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Business System

ARTICLE 3 - FEES AND PAYMENTS

SECTION 3 1 TYPES OF FEES

In consideration of our signing this Agreement, you must pay to us the following fees all payable in United States currency at our principal office

(a) **Initial Franchise Fee** You must pay to us an Initial Franchise Fee of $_____ payable at the same time you sign this Agreement The Initial Franchise Fee is non-refundable upon signing this Agreement except as expressly provided otherwise in this Agreement

(b) **Continuing License Fee** You will pay a continuing monthly non-refundable Continuing License Fee equal to the greater of 5% of monthly Gross Revenues or $1,000 per month The Continuing License Fee begins on your Grand Opening Day and is payable on the 1st day of each month through the Electronic Payment System

(c) **Technology Fee** You will pay ongoing Technology Fee of $325 per month to use the Software described in Section 2 14 These fees are subject to change

(d) **Advertising Contributions to Brand Fund** You must also pay to us a continuing monthly Contribution to the Brand Fund in an amount equal to 1% of monthly Gross Revenues We have the sole right to enforce your obligations and all other Franchisees that make Advertising Contributions Neither you, nor any other Franchisee obligated to make Advertising Contributions, is a third party beneficiary of the funds Neither you, nor any other Franchisee has any right to enforce any obligation of another Franchisee to contribute the funds We will use these funds to develop and produce marketing materials for use by us regionally and/or nationally and by you and the other Franchisees for your Local Advertising activities

(e) **Transfer Fee** If you sell the assets used in the operation of the Franchise Business under Subsection 10 2(b) or transfer more than 50% of the equity interests if you are a Business Entity, you must pay us a Transfer Fee equal to 50% of the then-current Initial Franchise Fee

(f) **Our Attorneys' Fees** If after the Franchise Agreement is signed by the parties (i) you request our written consent to any action of yours and we consult our attorney, or (ii) we have our attorney prepare a letter, a Notice of Default or a Notice of Termination to you, then you agree to reimburse us for our attorneys' fees and costs under these circumstances

(g) **Other Fees** There are other fees, and reimbursement and indemnification obligations on your part contained in this Agreement and disclosed in ITEM 6 of the FDD

SECTION 3 2 PAYMENT SCHEDULE

We will use the MindBody Software to collect all amounts due and owing to us for Continuing License Fees, Technology fees and Advertising Contributions on the 1st day of each month by Automated Clearing House ("ACH") directly from your operating account All other amounts due to us from you are payable as specified in this Agreement If we do not specify a due date, these amounts are due upon receipt of our invoice Any payment or report not actually received by us on or before the due date is overdue

SECTION 3 3 INTEREST ON LATE PAYMENTS, LATE CHARGE

(a) **Interest** If any payment under this Agreement or any other agreement between us or our Affiliates and you for your Franchise Business is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of (i) 18% per annum, or (ii) the maximum rate of interest permitted by law

(b) **Late Charge** You must also pay a late charge of $100 for each overdue payment

(c) **NSF Charges** If you deliver a check which is returned due to insufficient funds or is otherwise not paid, we may assess you a service charge of $30 or as permitted by local law

SECTION 3 4 APPLICATION OF PAYMENTS

We have sole discretion to apply any payments you make to us to your past due indebtedness including Continuing License Fees, Technology Fees, Advertising Contributions, purchases from us, interest, NSF charges, or any other indebtedness of you to us in any manner we choose regardless of your designation

SECTION 3.5 NO WITHHOLDING

You agree that your obligations to make payments under this Agreement and any other agreement entered into with us for your Franchise Business, and our rights to receive these payments, are absolute and unconditional All payments are not subject to any withholding, abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our Designees or against any other person for any reason

ARTICLE 4 - YOUR DUTIES

SECTION 4 1 ACQUISITION OF THE LOCATION

(a) **Location Approval** You are solely responsible for selecting the location for the Franchise Business If a location that we approve does not exist at this time, you must complete the acquisition or lease arrangements for your Premises within 3 months after the Agreement Date and obtain our written approval under Section 2 1 We may require that you engage a real estate broker of your choosing or, at our discretion, our approved Agent of Record, to advise and assist you in locating a suitable locations and negotiating the terms of the lease You are responsible for any fee charged by our Agent of Record for this service If we have not approved a location within 3 months after the Agreement Date, we have the right to either extend the period an additional 3 months if you are diligently seeking to find a location or terminate this Agreement if you have ceased your efforts to find a site If we terminate this Agreement we will retain the Initial Franchise Fee You will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD

(b) **Lease of the Location** We must approve any lease of the Premises You must deliver a copy of the proposed lease to us at least 10 days before you sign it The property owner, you and we must sign our form of Agreement with Landlord included in Exhibit I to the FDD

SECTION 4 2 CONSTRUCTION OF FRANCHISE BUSINESS

(a) **Layout and Design** We will assist you with the layout and design of the Franchise Business, including location of walls, counters and the location of equipment and fixtures within 2 weeks following the lease of the Premises and delivery of the floor plan to us

(b) **Construction Process** You must promptly after obtaining possession of the location for the Franchise Business (i) retain the services of an architect to create your building

plans, which we must approve, (ii) retain the services of a general contractor, (iii) obtain all necessary permits, licenses and architectural seals, (iv) use only approved building materials, equipment, fixtures, furniture and signs, (v) complete the construction and the equipment, fixtures, furniture and sign installation and decorating of the Franchise Business in full and strict compliance with the building plans and specifications we have approved and in full compliance with all applicable laws, ordinances, building codes and permit requirements including the Americans With Disabilities Act without any unauthorized alterations, and (vi) obtain all customary contractors' sworn statements and partial and final waivers You must begin substantial construction (locations work, utility infrastructure and building erection) of the Franchise Business within 4 months after the Agreement Date It is your responsibility to comply with the foregoing conditions We reserve the right to require you to retain the services of a company specialized in assisting Franchisees during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Franchise Business Construction must be completed and the Franchise Business open for business within 12 months after the Agreement Date

(c) **Construction Progress Reports** We may require you to provide us semi-weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Franchise Business You agree that our representatives have the right to inspect the construction at all reasonable times You agree that time is of the essence in constructing and opening your Franchise Business

SECTION 4 3 EQUIPMENT, FURNITURE, FURNISHING AND FIXTURES

You must purchase the equipment, furniture, furnishings and fixtures necessary to operate the Franchise Business as set forth in the HEW Intranet/HEW Operations Manual

SECTION 4 4 COMPUTER SYSTEM

(a) **Procurement and Installation** Before the Opening Date, you must procure and install at your Franchise Business a Computer System capable of running the MindBody Software, Constant Contact Software, Waiver King Software, QuickBooks Software and Rockbot Software

(b) **IP Address** We may require that you obtain a dedicated IP address for use with the Computer System You are responsible for all charges for these services

(c) **Sublicense of Software** We are a value-added reseller of the (i) MindBody® web-based scheduling and business management software including processing of credit card and debit card payments for membership fees, (ii) Constant Contact® web-based e-mail marketing and other online marketing campaign software, (iii) Waiver King® web-based program to obtain liability waivers from members, (iv) Rallio® social media management software, (v) Qvinci® financial consolidation, reporting and benchmarking software, and (vi) Rockbot web-based licensed music system We sublicense these software products to you pursuant to the Software Sublicense Agreement included as Exhibit K of the FDD You must also purchase a license to use the QuickBooks Online accounting system from Intuit Inc All right, title and interest in the software will remain with the licensor of the software

(d) **Our Right of Access.** You agree that we have the right to retrieve all data and information from your Computer System, as we deem necessary We maintain all rights to the customer data and financial information collected via the Computer System and on our Website

The information includes customer data, financial data, customer demographic information, customer use and purchasing data, business and financial records and reports, and all other information that we designate in the HEW Intranet/HEW Operations Manual or otherwise in writing

(e) **Maintenance and Upgrades** To ensure full operational efficiency and communication capability between your Computer System and our Internet-based system, you will keep the Computer System in good maintenance and repair You will install all additions, changes, modifications, substitutions and/or replacements to your Computer Systems' hardware and software, and your telephone and power lines, that we specify, in our sole discretion, in the HEW Intranet/HEW Operations Manual or otherwise on a Franchise Network-wide basis We have no obligation to provide ongoing upgrades and updates to the Computer System It may become necessary for you to replace or upgrade the entire Computer System with a larger or different system capable of assuming and discharging all of those computer-related tasks and functions as we specify

SECTION 4 5 HIRING, TRAINING AND APPEARANCE OF EMPLOYEES

(a) **Your Employment Decisions** You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business The HEW Intranet/HEW Operations Manual includes our specifications for uniforms for your employees that you purchase directly from an Approved Supplier You will take all steps necessary to ensure that your employees and independent contractors meet the employment or retention criteria, keep a neat appearance and comply with any dress code that we require You are solely responsible for the terms of their employment or engagement and their compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of your Franchise Business We have no responsibly or authority for your employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising, and record keeping You must use ADP for your payroll and human resources requirements

(b) **Employment Records** If we request, you will provide us copies of employment materials or independent contractor agreements relating to each of your employees, including employment or other application materials, I-9 immigration and naturalization forms and the results of criminal background checks You must timely and fully pay each of your employees and independent contractors to ensure that there is no interruption of services to your customers All costs associated with your obligations under this Section are your sole responsibility

SECTION 4 6 MANAGEMENT OF YOUR FRANCHISE BUSINESS

(a) **Your Management Responsibility** You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of this Agreement and the HEW Intranet/HEW Operations Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a General Manager You acknowledge that, if you choose to operate the Franchise Business using a General Manager, you may experience lower sales and/or higher costs than other Franchise Businesses managed by owner/operators

(b) **Designated Representative** If this Agreement is signed by 2 or more individuals or by a Business Entity, you designate in Section 18 1 an individual or a Franchise Owner as the Designated Representative We have the right to rely solely on instructions of the Designated

Representative concerning the operation of the Franchise Business until we receive a duly signed written notice changing the Designated Representative Upon the death or disability of the Designated Representative, the remaining individuals or Franchise Owners must appoint a new Designated Representative with 10 days of the disability or death of the Designated Representative

(c) **General Manager** The General Manager must devote his or her best reasonable full-time efforts to the management and operation of your Franchise Business You agree that your Franchise Business requires the day-to-day supervision of the General Manager at all times your Franchise Business is open for business The General Manager must complete Initial Training before managing your Franchise Business, unless we otherwise agree in writing

(d) **Change in General Manager** If the General Manager fails to satisfy his or her obligations provided in Subsection 4 6(c) due to death, disability, termination of employment or for any other reason, you must employ a replacement General Manager that we approve within 30 days The replacement General Manager must complete our Initial Training to our satisfaction within 3 weeks of hire In the interim, an assistant manager may manage the Franchise Business You are solely responsible for the expenses associated with Initial Training of the replacement General Manager including the then-prevailing standard training fee we charge (currently $250 per day)

SECTION 4 7 APPROVED SPECIFICATIONS AND SOURCES OF SUPPLY

(a) **Purchases from Us** You must sublicense from us the MindBody, Constant Contact, Waiver King, Rallio, Qvinci and Rockbot Software, and other items that we require if implemented on a Franchise Network-wide basis We will charge you the same price that we charge all Franchisees

(b) **Purchases from Designated Suppliers** You must purchase certain products or services solely from third party suppliers that we designate and from no other suppliers ITEM 8 of the FDD discloses the current types of products and/or services and the names of our current Designated Suppliers

(c) **Approved Suppliers and Specifications** You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the development and operation of your Franchise Business only from Authorized Suppliers and/or in accordance with our specifications These Authorized Suppliers have demonstrated (i) the ability to meet our standards and specifications for the specified items, and (ii) possess adequate quality controls and the capacity to supply your needs promptly and reliably We will use our best reasonable efforts to negotiate agreements with Approved Suppliers that are in the best interest of all Franchise Businesses We retain the right to receive compensation from these Approved Suppliers for our negotiation In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier

(d) **Approval of New Suppliers** If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services, or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a

written request for approval, or request that the supplier do so itself We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing We are not liable for damage to any sample that may result from the testing process You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed $1,000) We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the item within the Business System We will give you written notice of our approval or disapproval within 10 days after all testing and completion of the above conditions We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications

(e) **Revenues from Suppliers** We reserve the right to receive payments from Designated Suppliers and Approved Suppliers based on your purchases and the purchases of other Franchisees

SECTION 4 8 CREDIT CARDS AND OTHER METHODS OF PAYMENT

You will establish and maintain merchant account services through MindBody in order to accept VISA, MasterCard, American Express and all other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as we designate in order that you may accept customers' credit and debit cards, checks, and other methods of payment We reserve the right to require the addition or deletion of credit card relationships and other methods of payment if implemented on a Franchise Network-wide basis You will comply with all our credit card policies for a customer's use of a credit card as stated in the Operation & Policies Manual

SECTION 4 9 TELEPHONES, ANSWERING SERVICE AND INTERNET DATA LINE

You will maintain

(a) **Telephone System** A sufficient number of operating telephone lines and telephone numbers to be used exclusively for the operation of your Franchise Business that we reasonably require, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during normal business hours,

(b) **After Business Hours** A voice mail system after normal business hours, and

(c) **Operating Internet Data Line** You must maintain an operating Internet data line at your Franchise Business that permits us to monitor accounting and operational information electronically

SECTION 4 10 FRANCHISE MARKETING PLAN

Within 30 days after you open for business, you must submit to us a 12-month 1st year marketing plan The plan should be no more than 10 pages and should explain the monthly approach to marketing and advertising to which you commit to fund and implement

SECTION 4 11 OPENING OF THE FRANCHISE BUSINESS

(a) **No Opening Without Our Consent** You agree not to open your Hard Exercise Works Franchise for business before we have given you our written consent At least 30 days before your proposed opening of the Premises, you will send us written notice of your contemplated opening date Within 10 days after receipt of such notice, we will send you notice of our election either to consent to your proposed opening or to disapprove such opening (in which event our notice will specify the reasons for disapproval) If we fail to respond to your notice within the 10-day period, then we will be deemed to have consented to your proposed opening and opening date for all purposes under this Agreement Subject to the foregoing, if you open your Hard Exercise Works Franchise before we have given our written consent (or are deemed to have given our consent), you must cease operating immediately after receipt of written notice from us to cease operating If you fail to cease operating you must pay us liquidated damages of $500 per day for each day you were open

(b) **Conditions to Opening** We will give our written consent when (a) all your obligations under Sections 4 1 through 4 10 have been fulfilled, (b) we determine that your Franchise Business has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications, (c) the training of the Trainees has been completed to our reasonable satisfaction, (d) the Initial Franchise Fee and all amounts due to us and our Affiliates under this Agreement have been paid in full, (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request, (f) you have obtained a certificate of occupancy for your Premises, and (g) you have obtained all necessary licenses and permits to operate your Franchise Business You will comply with these conditions and be prepared to open your Franchise Business for business within 8 months after the Agreement Date If you fail to open your Franchise Business within 12 months after the Agreement Date, we have the right to terminate this Agreement and retain the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities You must sign the Franchise Termination and Release Agreement included as Exhibit O to the FDD we previously delivered to you

(c) **Statement of Costs to Open** Within 6 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the HEW Intranet/HEW Operations Manual containing a breakdown of all costs you incurred in the construction and initial operation of the Franchise Business

(d) **Certificate of Performance** After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the HEW Intranet/HEW Operations Manual ("Certificate of Performance") confirming our performance If, in good faith, you do not believe that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed

SECTION 4 12 OPERATIONAL REQUIREMENTS

You agree to operate the Franchise Business in conformity with all uniform methods, standards and specifications as we reasonably require in the HEW Intranet/HEW Operations Manual to ensure that the highest degree of quality and service is uniformly maintained

(a) **Use of Premises** You must use your Premises only for the operation of your Franchise Business You must keep your Franchise Business open for business and in normal operation for the minimum hours and days as we reasonably require in the HEW Intranet/HEW Operations Manual or otherwise in writing except as may be limited by local law or the landlord's rules and regulations

(b) **Use of Computer System** You must record all Gross Revenues on the approved Computer System and in your accounting software

(c) **Intranet Access** We also provide you access to our password protected Intranet areas within our Website to our "Back Office" web system to assist you with the operation of the Franchise Business including having a calendar, downloading documents, accessing the HEW Intranet/HEW Operations Manual, processing credit card payments, making Continuing License Fees payments and other payments to us, downloading advertising and marketing materials and other uses We will also use the Intranet to post updates and announcements, conduct surveys and polls, etc We may rescind your access to these services if, you are in default under this Agreement, violate the conditions and terms of use as contained in the HEW Intranet/HEW Operations Manual or otherwise in writing

(d) **Standards of Conduct** You will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, the public and us

(e) **Payment of Debts** You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us, your suppliers, suppliers, lessors, federal, state or local governments, or creditors in connection with your Franchise Business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Franchise Business, and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchise Business If you default in making any payment when due, we are authorized, but not required, to pay them on your behalf You agree promptly to reimburse us on demand for any such payment

(f) **Membership Agreement** We will provide you our Florida form of membership agreement Your attorney must conform the membership agreement to comply with the laws of the state in which your Franchise Business will be operated You acknowledge that all memberships sold by Franchise Businesses are our sole property and will be on consecutively-numbered membership agreement forms You are solely responsible for fulfilling the terms and conditions of the membership agreement for its duration including providing all services as prescribed in the Manuals You are further responsible for notifying us if the membership agreement requires modification in order to continuously comply with local, state and federal requirements

(g) **Payment Processing, MindBody Software** You will facilitate electronic transfers for membership dues for your Members through the MindBody Software You are to provide to us full access to the MindBody database and ownership of the account MindBody collects all weekly proceeds from your membership agreements MindBody retains the processing fees, the remits to us the Continuing License Fees, License Fees, Advertising Contributions, purchases of Products and any other payment due us under this Agreement or any other agreement between the parties for each week you provide your Members with services as prescribed within the HEW Intranet/HEW Operations Manual at your Franchise Business and remits the balance to you

(h) **Member Complaints** You must respond to a member complaint within 7 days of receipt You must send to us a copy of the complaint and your written response We may, but without having any responsibility to do so, direct you in resolving the complaint and you agree to work diligently with us in resolving the matter

(i) **Hours of Operation** Subject to any contrary requirements of local law or lease restrictions, you will keep the Franchise Business' class hour open, and in normal operation during normal business administrative hours for its geographical region, for 6 days per week, 52 weeks per year, with minimum hours of 5 50 a m to 7 30 p m Monday through Friday, and 8 00 a m to 10 00 a m on Saturday, closed Sundays, except New Year's Day, Easter, 4th of July, Thanksgiving and Christmas, unless we otherwise authorize in writing The minimum hours and days of operation may be changed as we may from time to time specify in the HEW Intranet/HEW Operations Manual You acknowledge and agree that if your Franchise Business is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the Franchise and Franchise Business, unless the closure was due to Force Majeure as provided in Section 19 13

(j) **Pricing Policies** We establish the membership and product pricing for you to charge for members You must obtain our written approval of any deviation in pricing Nothing contained in this Agreement is deemed a representation by us that the use of our pricing schedule will in fact optimize profits

(k) **No Wholesale Sales** You will not under any circumstances engage in any wholesale trade or sale of System nutrition management and fitness services and products for resale

(l) **Wireless Internet Access.** You must install a wireless internet system labeled "Hard Exercise Works" in your Franchise Business offering your customers open, unsecured and free Internet access

SECTION 4 13 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

You will comply with all federal, state, and local laws, rules and regulations You will timely obtain, maintain and renew when required all permits, certificates and licenses necessary for the proper conduct of your Franchise Business under this Agreement These include anti-terrorism laws (Executive Order 13224), qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances, hazardous waste and other environmental permits You acknowledge that (i) federal, state and local governments administer and enforce regulations that include standards, specifications and requirements for the construction and maintenance of your Premises, fire safety, general emergency procedures, and customer/employee safety regulations, (ii) OSHA and health regulations as well as state and local safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available to or must offer your employees, (iii) the U S Food & Drug Administration, the U S Department of Agriculture, and state and local health departments administer and enforce regulations related to the storage and disposal of waste, cleaning supplies, and other hazardous materials, (iv) the Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, and (v) certain state and local governments have also adopted proposals that regulate indoor air

quality, including no smoking policies You will comply with all of these laws and regulations and all other applicable laws and regulations relating to the operation of the Franchise Business

SECTION 4 14 MAINTENANCE AND REPAIRS

(a) **Ongoing Maintenance** You must maintain and repair the building, equipment, fixtures, furnishings, signage and Trade Dress (including the interior and exterior appearance) employed in the operation of your Franchise Business in the highest degree of sanitation, appearance, condition and security as stated in the HEW Intranet/HEW Operations Manual Within 30 days after the receipt of any particular report prepared following an evaluation by our field representative, you must perform the items of maintenance and repair that we designate If, however, any condition presents a threat to customers or public health or safety, you must immediately cure the condition regardless of cost, as further described in this Agreement The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care Examples include (i) repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly, (ii) repairing a leaking roof, (iii) repairing or replacing broken equipment, (iv) refreshing general appearance items such as paint (interior and exterior) and landscaping, (v) replacing worn flooring, furniture and other furnishings, and (vi) conducting routine maintenance of areas that affect the appearance of the Franchise Business and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area

(b) **Additional or Replacement Equipment** If we determine additional or replacement equipment is required on a Franchise Network-wide basis because of a change in technology, a change in services, customer concerns or health or safety considerations, you will install the additional equipment or replacement equipment within the time we specify

(c) **Maintenance Contracts** You must maintain contracts with third parties for the maintenance of the Premises, the equipment and the landscaped areas, unless such maintenance is the responsibility of your landlord These contracts must provide for the performance of services, including preventative maintenance services, and be with financially responsible firms that (i) maintain adequate insurance and bonding, (ii) have personnel who are factory trained to service equipment of the type in the Premises, and (iii) maintain an adequate supply of parts for the equipment You will provide us with a copy of any contract for maintenance that you enter into with any outside maintenance firm if we request

(d) **Signage** The outdoor signage at your Franchise Business must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the Business System, including changes to the Principal Trademark or other trademark You must make such changes to the outdoor signage that we require Any upgrades to the type or size of your outdoor signage will be at your expense

SECTION 4 15 TAX PAYMENTS, CONTESTED ASSESSMENTS

You will obtain a sales tax dealer certificate and a tax resale certificate for inventory resold to customers, if required by state or local law You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of your Franchise Business You will pay to us an amount equal to any sales tax, goods and services tax, gross receipts tax, or

similar tax imposed on us for any payments you make to us, unless the tax is based on our net income or our corporate status in a state If we pay any tax on your behalf, you will promptly reimburse us the amount paid If there is any *bona fide* dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law However, you will not permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assets used in your Franchise Business

SECTION 4 16 CUSTOMER SURVEYS, CUSTOMER LIST

You will present to customers any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us You will maintain a current customer list containing each customer's name, address, telephone number and e-mail address, and supply a copy of the list to us on a quarterly basis You must participate in any process we develop to record all customer information We retain ownership of your customer lists We will not use your customer list in any activity adverse to, or in competition with, you

SECTION 4 17 INSPECTIONS AND EVALUATIONS

(a) **Periodic Inspections** You will permit our field representatives to enter your Franchise Business at all reasonable times during the business day to assist you, to evaluate your business operations and to ascertain that you are complying with the provisions of this Agreement We have the right to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies and products We will perform an inspection in a manner that minimizes interference with the operation of your Franchise Business You will cooperate fully with our field representatives in the inspection You will render assistance as they may reasonably request You will permit them to observe how you are selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary for inspection at our office and record keeping We may videotape the inspection

(b) **Mystery Shoppers** Our inspections and evaluations may include a "mystery shopper" program from time to time We hire various suppliers who send the "mystery shoppers" into the Franchise Businesses If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay for the mystery shoppers that we send to your Franchise Business (until the issue is resolved to our satisfaction) The current fee charged by the suppliers is between $15 and $75 per visit, which you must pay directly to the vendor The fee per visit does not include the reimbursement of the tab paid by the mystery shopper for the services used and items purchased at your Franchise Business and, therefore, the actual fee for each visit will vary

(c) **Evaluation Report** We will give you an evaluation report listing the deficiencies and the corrective action you must take Without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then-current requirements If you fail or refuse to correct any deficiency, this is an Event of Default on your part

SECTION 4 18 NOTICES TO US

(a) **Lawsuits and Warning Letters** You must notify us in writing and supply us copies of all relevant documents within 5 days of any of the following events

(i) The commencement of any action, suit or other proceeding against you or any of your employees that may have a material adverse effect on the Franchise Business or the Business System,

(ii) Any communication by any governmental entity involving the conduct of your Franchise Business that indicates your material non-compliance with any applicable law, rule or regulation, or

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees that may have a material adverse effect on the Franchise Business or the Business System

(b) **Progress Reports** You will provide us with any information we request about the progress and outcome of these events within 5 days of our request.

SECTION 4 19 FRANCHISE OWNERS' MEETINGS OR CONVENTION

You must attend a minimum of 75% of Franchise Owners' meetings that we conduct, which may include remote meetings conducted via the Internet or by another electronic method Should we offer only a single Franchise Owners' meeting or convention in a calendar year, you, a Franchise Owner or a Designated Representative is obligated to attend the meeting in person We do not charge a fee for Franchise Owners' meetings However, you are responsible for meals, travel, lodging or other expenses you incur to attend these meetings

SECTION 4 20 OPERATIONAL SUGGESTIONS

You are encouraged to submit to us written suggestions for improving elements of the Business System, including products, services, equipment, service format, advertising and any other relevant matters for our consideration You agree that any suggestions you make are our exclusive property We have no obligation to use any suggestions You may not use any suggestion inconsistent with your obligations under this Agreement without our written consent

SECTION 4 21 RENOVATION AND UPGRADING

You agree that you will make capital improvements or modifications necessary to modernize, redecorate and upgrade your Franchise Business This may include an upgrade of your equipment to reflect the current image and Trade Dress of new Hard Exercise Works Franchises we reasonably request, taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement but not more frequently than every 7 years Generally, these requirements will not exceed those applicable to new Franchise Businesses and new Company-Owned Outlets You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date we notify you of any required changes (other than signage) You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Franchise Business and to avoid deterioration or obsolescence in connection with the operation

of the Franchise Business If you fail to make any improvement as required by this Section, this is an Event of Default on your part

SECTION 4 22 PUBLICITY

We have the right to take and use photographs, audio and/or video of the Franchise Business or testimonials from customers of the Franchise Business for publicity and/or advertising purposes, without charge or compensation to you The photographs, videos, and/or testimonials are our sole property You acknowledge that we own all right, title and interest and any other rights, as permitted under applicable law, to these photos, audio and video recordings You agree that we may use your and your Franchise Owners' names, likeness and voices in promoting the Franchise Businesses and the Business System You consent and assign to us all right, title and interest to our use of these names, likenesses and voices You will cooperate with us in obtaining these audio, video, photographs, testimonials, and the consent of any persons included in these materials

ARTICLE 5 - INTELLECTUAL PROPERTY

SECTION 5 1 OUR REPRESENTATIONS AS TO THE INTELLECTUAL PROPERTY

We represent to you that

(a) **Ownership** We are the sole owner of the Intellectual Property,

(b) **Licenses** We have not licensed the Intellectual Property to any others except other Franchisees and our affiliates, and

(d) **Protection** We will take all steps necessary to preserve and protect the ownership and validity of the Intellectual Property

SECTION 5 2 YOUR USE OF THE INTELLECTUAL PROPERTY

You may use the Intellectual Property only in accordance with standards and specifications we reasonably determine and implement on a Network-wide basis You agree that

(a) **Limitation on Use** You will use the Intellectual Property only for the operation of your Franchise Business at the Premises

(b) **Prohibitions** You will not employ any of the Intellectual Property in signing any contract, check, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours

(c) **Sole Business Name** You will use our Principal Trademarks as the sole service mark identification for your Franchise Business and will display prominently our Principal Trademarks on and/or with all materials that we designate and authorize and in a manner that we specify

(d) **No Encumbrance** You will not use any of the Intellectua' Property as security for any obligation or indebtedness

(e) **Fictitious Name** You cannot use the Hard Exercise Works trade name as part of your legal business name You must comply in filing and maintaining any required fictitious, trade or assumed name registrations for the "Hard Exercise Works" trade name for example, John Jones d/b/a "Hard Exercise Works" or ABC, Inc d/b/a "Hard Exercise Works," and will sign all documents that we or our counsel deem reasonably necessary to obtain protection for the trademarks and our interest in the trademarks

(f) **Signage** You will maintain a suitable sign or graphics package at, or near the front of the Premises, on any pylon sign, building directory or other area identifying the Premises only as "HEW" The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or by landlord regulations

(g) **Materials** All materials including plastic or paper products and other supplies and packaging materials used in the Network will bear our Intellectual Property, as we specify

(h) **Impairment**. You will exercise caution when using the Intellectual Property to ensure that the Intellectual Property is not in any manner jeopardized

SECTION 5 3 INFRINGEMENT BY YOU

You acknowledge that the use of the Intellectual Property outside the scope of this Agreement, without our written consent, is an infringement of our rights in the Intellectual Property You agree that during the Initial Term, and after the expiration or termination of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Intellectual Property, or take any other action in derogation of our rights

SECTION 5 4 CLAIMS AGAINST THE INTELLECTUAL PROPERTY

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademarks or the other Intellectual Property you will promptly (within 7 days) notify us in writing If you become aware of any use of, or claim to, the Principal Trademarks or the other Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process We have sole discretion as to whether we take any action on any infringement, challenge or claim We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property

SECTION 5 5 YOUR INDEMNIFICATION

We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with this Agreement, provided you (a) have timely notified us of the claim or proceeding, (b) have otherwise complied with this Agreement, (c) allow us sole control of the defense and settlement of the action, and (d) cooperate fully with our counsel in the defense of the action

SECTION 5 6 OUR RIGHT TO MODIFY THE INTELLECTUAL PROPERTY

If we deem it advisable to modify or discontinue the use the Principal Trademark or any of the other Intellectual Property and/or use an additional or substitute Principal Trademark including (i) due to the rejection of any pending application for registration (ii) revocation of any existing registration of any of the Intellectual Property (ii) the rights of senior users, (iv) our negligence, (v) a radical change in direction of the Business System we unilaterally cause or mandate, or (vi) the modification or discontinuation of the use of any of the Intellectual Property is due to a continuing need to modernize the Business System, you are liable for all expenses in substituting the modified or new Intellectual Property in your Franchise Business You are obligated to do so within 30 days of our request

SECTION 5 7 OUR RESERVATION OF RIGHTS

You agree that the license of the Intellectual Property we grant to you has limited exclusivity In addition to our right to use and grant others the right to use the Intellectual Property outside the Exclusive Territory, we expressly reserve all rights that we do not expressly grant to you in this Agreement concerning the Intellectual Property or other matters You will not receive any compensation if we exercise these reserved rights

SECTION 5 8 OWNERSHIP, INUREMENT SOLELY TO US

You agree that (a) you have no ownership or other rights in the Intellectual Property, except as expressly granted in this Agreement, and (b) we are the owner of the Intellectual Property You agree that all goodwill associated with the Franchise Business inures directly and exclusively to our benefit and is our sole and exclusive property except through any profit you receive from the permitted sale of your Franchise Business during the Initial Term or any Renewal Term You will not in any manner prohibit, or do anything that would restrict, us or any Franchisee from using the Intellectual Property or filing any trade name, assumed name or fictitious name registration of the Principal Trademark with respect to any Franchise Business to be conducted outside the Exclusive Territory or any business within the Exclusive Territory that is permitted by this Agreement If you secure in any jurisdiction any rights to any of the Intellectual Property (or any other Intellectual Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Intellectual Property (or any other Intellectual Property)

ARTICLE 6 - HEW INTRANET/HEW OPERATIONS MANUAL

SECTION 6 1 IN GENERAL

To protect our reputation and goodwill and to maintain uniform standards of operation under the Intellectual Property, you will conduct your Franchise Business in accordance with the HEW Intranet/HEW Operations Manual The HEW Intranet/HEW Operations Manual is an integral part of this Agreement with the same effect as if fully stated in this Agreement.

SECTION 6 2 CONFIDENTIAL USE

(a) **Trade Secret**. You will treat and maintain the Confidential Information as our confidential trade secrets except for information previously known or obtained through independent sources and found within the public domain You will strictly limit access to the

Confidential Information to your employees that have signed a Confidentiality, Non-Solicitation and Non-Competition Agreement in the form included in the HEW Intranet/HEW Operations Manual and to the extent they have a "need to know" in order to perform their duties You will report any unauthorized access to the HEW Intranet/HEW Operations Manual immediately to us

(b) **Unauthorized Use** You agree that, during and after the Initial Term, you, your Franchise Owners, Designated Representative, General Managers and employees will

(i) Not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the Hard Exercise Works concept,

(ii) Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term,

(iii) Not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form, and

(iv) Adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information If

(v) Not modify, reverse engineer, decompile, create other works from or disassemble any of our or any of our Affiliates' Confidential Information, except as we permit in writing

(c) **Unauthorized Access** You agree that, during and after the Initial Term, you, your Franchise Owners and Designated Representative will not allow any unauthorized person to access to our Intranet and the Confidential Information it contains If you fail to do so, you will pay us liquidated damages of $5,000

SECTION 6 3 PERIODIC REVISIONS

(a) **Changes to Manual** We will revise the HEW Intranet/HEW Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions You will comply with each new or changed provision beginning on the 30th day (or any longer time as we specify) after our written notice We will base revisions to the HEW Intranet/HEW Operations Manual on what we determine to be in the best interests of the Business System, our interest and the interest of our Franchisees, including promoting quality, enhancing goodwill, increasing efficiency, decreasing administrative burdens, or improving profitability

(b) **Variances** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based on the circumstances then existing You are not entitled to require us to grant to you a similar variation under this Agreement

SECTION 6 4 PRIOR INFORMATION

You agree that all Confidential Information received before the Agreement Date was unknown to you except through our disclosure and that the marketing practices and operating procedures we develop and franchise to you for the operation of the Franchise Business are

important for the success of the Business System If you receive any Confidential Information after signing this Agreement, and you do not object in writing to us within 30 days after signing this Agreement that any of the information comprising the Confidential Information not be considered Confidential Information, then you have irrevocably waived your right to make any objection You agree that this representation and warranty is a material inducement for us to enter into this Agreement, and any breach is an Event of Default on your part

ARTICLE 7 - ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the goodwill and public image of the Business System, the parties agree to the following provisions

SECTION 7 1 GRAND OPENING MARKETING PROGRAM

You will follow our Grand Opening Marketing Program and budget a minimum of $15,000 for advertising and promotional items You will submit to us an accounting of your expenditures for advertising and promotional items as described above within 10 days from the end of the 3rd month

SECTION 7 2 LOCAL ADVERTISING

(a) **Your Expenditures** You must spend at least 4% of Gross Revenues for Local Advertising during each month of operation You an Approved Supplier will be responsible for all Internet marketing and advertising activities This is in addition to the Grand Opening Marketing Program

(b) **Our Approval** You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist of materials we have provided All materials containing the Intellectual Property must include the applicable designation - service mark℠, trademark™, registered® or copyright©, or any other designation we specify If you have not received our written disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services

(c) **Franchise Opportunities Available** Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Premises as well as on all menus, containing substantially the following statement "Hard Exercise Works Franchise Opportunities Available " You must immediately refer all responses to us at info@hardexerciseworks com You have no authority to act for us in franchise sales

(d) **Search Directories** You must also register your franchise business on the top 3 search engine business directories, Google, Bing and Yahoo

(e) **Social Media** You must follow our policies and requirements for the use of social media as outlined in the HEW Intranet/HEW Operations Manual or otherwise in writing

(f) **Participation in Certain Promotions** You must participate in all required advertising and promotional programs we establish

(g) **No Solicitation Outside DMA** We do not grant you an exclusive marketing area but you may advertise outside your Exclusive Territory but within your Designated Marketing Area ("DMA") You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent

SECTION 7 3 REGIONAL ADVERTISING COOPERATIVE

You agree that we have the right to establish a Regional Advertising Cooperative in any DMA Upon our request, you will immediately become a member of the Regional Advertising Cooperative for the DMA that includes your Exclusive Territory Your Franchise Business does not have to be a member of more than 1 Regional Advertising Cooperative

(a) **Purposes of Regional Advertising Cooperative** We will organize the Regional Advertising Cooperative for the exclusive purposes of administering advertising programs and developing standardized promotional materials for use by its members The Regional Advertising Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures The rules and procedures must not restrict or expand your rights or obligations under this Agreement Except as otherwise contained in this Agreement, and subject to our approval, any lawful action of the Regional Advertising Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising, binds you if approved by 67% of the members present Each Franchised Unit and Company-Owned Unit has 1 vote, however no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Regional Advertising Cooperative regardless of the number of Franchise Businesses owned by any Franchisee

(b) **Our Approval of Advertising** We must approve in writing all advertising or promotional plans or materials the Regional Advertising Cooperative proposes to use or furnish to its members The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7 2(b)

(c) **Members' Contributions to Cooperative** The Regional Advertising Cooperative has the right to require each of its members to contribute to the Regional Advertising Cooperative an amount not to exceed 4% of that member's monthly Gross Revenues We credit this amount against your obligation for Local Advertising as provided by Subsection 7 2(a) Each member will submit to the Regional Advertising Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Regional Advertising Cooperative or we require

(d) **Quarterly Reports** The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures The reports will be sent by the Cooperative to its members and to us

(e) **Impasses** If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Regional

Advertising Cooperative, the issue, upon request of a member of the Regional Advertising Cooperative, will be submitted to us for consideration Our resolution of the issue is final and binding on all members of the Regional Advertising Cooperative

(f) **Changes, Dissolution or Merger of Cooperatives** We have the right to form, change, dissolve or merge any Cooperative

SECTION 7 4 INTERNET ADVERTISING AND MARKETING/WEBSITE

(a) **Website** We will list your Franchise on our home page of our Website We maintain sole and exclusive rights to all content and information displayed or collected on our Website The content and information includes company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing

(b) **Your Home Page** We will provide you with your own home page ("Your Home Page") We will place Your Home Page on our Website to promote the Franchise Business We prohibit you from offering or selling products through the Internet You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page You must secure our written permission if you desire to link Your Home Page to other website on the Internet We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page We maintain all rights of ownership in and to Your Home Page We may discontinue making Your Home Page accessible to you upon 30 days' written notice, if you are in breach of this Agreement, if we terminate this Agreement or if this Agreement expires and is not renewed

(c) **Internet Advertising** You are responsible for Local Advertising on the Internet

(d) **Domain Name** We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchise Business or the products or services without our prior written consent We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System

(e) **Coupons** We are the sole controlling agent for any social media coupon advertising promotion Any non-approved discounting on rates or any non-approved promotions without our prior written approval is strictly forbidden We utilize Facebook, Instagram, LivingSocial® Groupon® and other social media outlets for the explicit purpose running grand opening deals as part of the advertising and promoting your location supplying you with free leads You may also use them for twice-yearly deals offering a discounted 1st month membership We coordinate and approve the offering You retain the revenue LivingSocial® and Groupon® are not our affiliates No shareholder or officer of ours own any part of either company

SECTION 7 5 BRAND FUND

(a) **Right to Create** We have created a special fund called the "Hard Exercise Works Brand Fund" (the "Brand Fund"), into which we deposit the Advertising Contributions described in Subsection 3 1(d) to be used for the creation of branding the HEW name for the benefit of all Franchise Businesses and Company-Owned Outlets who contribute to the Brand Fund This may also include the creation of advertising, marketing, and promotional materials

(b) **Administration** We administer the Brand Fund We use the funds in the Brand Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System We also use the funds in the Brand Fund to pay the costs of conducting regional and/or national advertising and promotional activities (including the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, and public relations activities) that we deem beneficial to the Business System We do not have to spend any Advertising Contributions to the Brand Fund in your Exclusive Territory We are not obligated to contribute additional funds to the Brand Fund other than Advertising Contributions from Company-Owned Units We can charge the Brand Fund for our costs for services we provide, in lieu of engaging third party agencies to provide these services We will not use any of the funds to offer or sell Hard Exercise Works Franchises to prospective franchisees

(c) **Expenditures** All expenditures are at our sole discretion We may spend in any calendar year more or less than the total Advertising Contributions to the Brand Fund in that year We may loan to the Brand Fund or borrow from other lenders for the Brand Fund to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund We will carry any monies not spent by the Brand Fund in any particular year to fund production expenses in the next year

(d) **Advertising Rebates** You authorize us to act as your sole agent to enter into contracts with parties, other than with Designated Suppliers and Approved Suppliers, offering promotion, discount or other programs where you would receive rebates or marketing allowances ("Advertising Rebates") relating to our purchase of advertising, marketing, and promotional materials We will contribute all Advertising Rebates paid to us, based on your purchases, and the purchases of other Franchise Businesses and Company-Owned Outlets, to the Brand Fund By signing this Agreement, you assign all of your right, title and interest in all Advertising Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts

(e) **Annual Report** We will prepare an annual report of the receipts and expenditures of the Brand Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year We will not audit this report

SECTION 7 6 CONTENT AND CONCEPTS

We retain sole discretion over all advertising, marketing and public relations programs and activities financed by the Brand Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation You agree that the Brand Fund may be used to pay the costs of preparing and producing associated materials and programs that we determine, including video, audio and written advertising materials employing advertising agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, social media programs, and employing advertising agencies to assist with marketing efforts, and supporting public relations, market research and other advertising, promotional and marketing activities

SECTION 7 7 ADVERTISING CONTRIBUTIONS BY US

Company-Owned Outlets are required to make monthly Advertising Contributions to the Brand Fund and any Cooperative on the same basis that Franchise Businesses are required to make monthly Advertising Contributions We do not have to use any of our other funds on the advertising programs for the franchise system

SECTION 7 8 TERMINATION OF EXPENDITURES

We maintain the right to terminate the collection and disbursement of the Advertising Contributions and the Brand Fund Upon termination, we will disburse the remaining funds to existing Franchise Businesses and Company-Owned Outlets on a *pro-rata* basis based on their relative amount of Advertising Contributions

ARTICLE 8 - ACCOUNTING AND RECORDS

SECTION 8 1 RECORDS

(a) **Paper and Electronic Records** You will maintain complete and accurate records for the operation of your Franchise Business These records may be in paper form but you must maintain in Adobe PDF electronic versions of all paper records along with all e-mail communications and electronically created records These records include detailed daily sales, cost of sales, all communications and attachments sent by e-mail and other relevant records or information You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time You must segregate these records from all other records that do not concern your Franchise Business You must preserve these records in a cloud based web storage we designate, accessible to us, for at least 6 years from the dates of their preparation including after the termination, transfer or expiration of this Agreement

(b) **Customer Information** All Customer lists and files, phone and contact lists, databases, etc containing Customer, marketing and financial data that you develop or store are and remain our sole property during and after this Agreement terminates or expires

SECTION 8 2 REPORTS AND STATEMENTS, CONFIDENTIALITY

(a) **Monthly Reports** You will e-mail to us as an attachment by the 5th day of each month, our Monthly Report form included in the HEW Intranet/HEW Operations Manual that includes accurate records reflecting all Gross Revenues for the previous month, the computation of Royalties and Advertising Contributions, a list of expenditures for Local Advertising, and all other information we require

(b) **Annual Financial Statements** You must also submit to us, an annual balance sheet and income statement within 90 days of the end of your fiscal year prepared in accordance with Generally Accepted Accounting Principles You, your treasurer or your chief financial officer must sign and attest that the financial statements are true and correct and fairly present your financial position at and for the times indicated You will also supply to us copies of your federal and state income tax returns at the time you file these returns with the appropriate tax authorities The financial statements and/or other periodic reports described above must segregate the income and

related expenses of your Franchise Business from the income and expenses of any other business that you may conduct

(c) **Confidentiality** We agree to maintain the confidentiality of all financial information we obtain about your Franchise Business We may disclose this financial information to our professional advisors and any third party that is bound to maintain the confidentiality of the information We may use the information to prepare a financial performance representation or other information required or permitted by federal or state franchise law We may prepare a composite list of financial performances by our Franchisees for dissemination among the Franchisees that identifies your Gross Revenues and advertising expenditures

SECTION 8 3 REVIEW AND AUDIT

(a) **Our Right of Audit** Our representatives have the right at all times to examine and copy your records We have the right, at any time, to access your Computer System to determine, among other things, sales activity and Gross Revenues We also have the right, at any time, to conduct an independent audit of your records but no more than 2 times a year, or more frequently if you are in default under this Agreement To verify the information you supply, we have the right to reconstruct your sales by any reasonable method of analyzing and reconstructing sales You agree to accept any reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance You must fully cooperate with our representative in performing these activities and you must reimburse us for any expenses we incur based on your lack of cooperation

(b) **Underreporting** If an inspection reveals you have understated any financial information you have reported to us (including Gross Revenues or payments owed to us), you must immediately pay to us, upon demand, the amount understated and interest at the maximum rate permitted by law beginning from the time the required payment was due If any inspection discloses an understatement of 2% or more of Gross Revenues, you must also reimburse us for the expenses for the inspection or audit (including reasonable auditing, accounting, attorneys' fees and costs) In addition, we reserve the right to require you retain an independent certified public accountant reasonably acceptable to us to audit all future year-end financial statements at your expense These remedies are in addition to any other remedies we have under this Agreement or under applicable law If the audit discloses an overpayment in any amou it you paid to us, we will promptly pay you the amount of the overpayment or offset the overpayment against any amounts owed to us

SECTION 8 4 YOUR NAME, ADDRESS AND TELEPHONE NUMBER

Under federal and state franchise laws, while you are a Franchisee, we must disclose your name, business address and business telephone number of each of your Franchise Businesses in ITEM 20 of the FDD After you cease being a Franchisee, we must disclose your name, city and state and then current business telephone number (or if unknown, your last known home telephone number) for a certain time You agree to this disclosure You must notify us of any change in your name, address and telephone number within 10 days of the change This obligation survives the expiration or termination of this Agreement

ARTICLE 9 - INSURANCE AND BONDING

SECTION 9 1 TYPES AND AMOUNTS OF COVERAGE

You must purchase and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles as stated in the HEW Intranet/HEW Operations Manual, This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise The insurance company must be reasonably satisfactory to us and have a Best rating of "B" or better We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time These include excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the Network including any Company-Owned Units

SECTION 9 2 EVIDENCE OF INSURANCE

At least 10 days before you begin any construction of the Premises, or 10 days from the Agreement Date, if the Premises are constructed and presently owned or leased by you, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these insurance requirements and a paid receipt showing the policy number The certificate of insurance must include a statement by the insurer that the policy will not be canceled, be subject to nonrenewal or be materially altered without at least 30 days' written notice to us You will send to us current certificates of insurance on an annual basis You will submit to us promptly copies of all insurance policies and proof of payment upon our request

SECTION 9 3 REQUIREMENTS FOR CONSTRUCTION OR RENOVATION

For any construction or renovation of the Premises, you must require the general contractor to maintain with an approved insurer commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) for at least $1,000,000, with you and us named as additional named insureds, as their interests may appear, together with workers' compensation and employer's liability insurance required by law

SECTION 9 4 OUR RIGHT TO PARTICIPATE IN CLAIMS PROCEDURE

Our insurer or we have the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim You agree to discuss our reasonable recommendations with your insurance carrier regarding the settlement of any claims

SECTION 9 5 WAIVER OF SUBROGATION

The parties agree that, for any loss covered by insurance carried by the parties, their respective insurance companies have no right of subrogation against the other

SECTION 9 6 EFFECT OF OUR INSURANCE

Your obligation to maintain the policies in the amounts required is not limited because of any insurance we maintain Our performance of your obligations does not relieve you of liability under the indemnity provisions in this Agreement

SECTION 9 7 FAILURE TO MAINTAIN INSURANCE

If you fail to maintain the insurance required by this Agreement, we have the right and authority (but without any obligation to do so), after written notice to you and 10 days in which to cure, to procure the insurance on your behalf If we do so, we will charge you the cost of the insurance, plus interest at the maximum rate permitted by law and a 15% administrative fee for so acting, that you agree to pay immediately upon notice

SECTION 9 8 GROUP INSURANCE

If we arrange any insurance coverage through group or master policies such as property and casualty, workers' compensation, liability and health, life and disability insurance, we will offer you the right to participate in this group insurance programs at your expense if the insurance is available in the state in which your Franchise Business is located

ARTICLE 10 - TRANSFER OF INTEREST

SECTION 10 1 TRANSFER BY US

(a) **No Restrictions on Transfer** We have the right to assign this Agreement to any person or Business Entity without your consent

(b) **Estoppel Certificate** Within 10 days after we request, you must sign, acknowledge and deliver to us, a written estoppel certificate stating (a) confirmation of the existence of this Agreement, (b) that this Agreement has not been amended and is in full force and effect (or, if amended, stating the nature of the amendment), (c) that there are not, to your knowledge, any uncured defaults on our part or by you under this Agreement or specifying the defaults, if any, that are claimed, (d) that you have no, and know of no basis for, any claims of any kind against us (or, if you have or know of any claims, a detailed statement of all claims and a statement that you have no, and know of any basis for, any other claims), and (e) any other matter upon which certification is requested by us or a prospective assignee or lender We and any prospective purchaser or lender of ours may rely upon any estoppel certificate you give under this Subsection Any failure or refusal to timely sign a truthful estoppel certificate under this Subsection is an Event of Default on your part

SECTION 10 2 TRANSFER BY YOU

(a) **Transfer Restrictions** Except as otherwise expressly provided in this Agreement, you agree not to transfer (i) any interest in this Agreement, (ii) any portion of the assets used in the operation of the Franchise Business outside of the ordinary course, (iii) more than 50% of the equity or voting interests of the Franchisee if you are a Business Entity If we provide our written consent to a transfer, the transfer does not release any Guaranty of Franchisee's Obligations previously signed

(b) **Permitted Sale of Assets** We will consent to a sale of the assets used in the operation of the Franchise Business, which consent we will not unreasonably withhold, if you satisfy the following requirements

(i) You must submit to us our form of Application for Consent to Sell You will also submit other information and documents (including a copy of the proposed asset purchase agreement or other agreement) we require under our then-current transfer procedures The application must indicate whether you or a Franchise Owner proposes to receive by the buyer a security interest in the property transferred You may not receive a security interest without our prior written consent and upon conditions acceptable to us Any agreement used in connection with a sale is subject to our prior written approval

(ii) We have not exercised our right of first refusal under Section 10 5

(iii) You are not in default of any term of this Agreement or any other agreement between you and us at the time of transfer

(iv) The buyer interviews at our principal office and demonstrates to our reasonable satisfaction that he or she has the business and personal skills, reputation and financial capacity that we require of new Franchisees and has no ownership interest in a Competitive Business

(v) We have the right to require you to prepare and furnish to the buyer and/or us such financial reports and other data relating to the Franchise Business and its operations reasonably necessary or appropriate for the buyer and/or us to evaluate the Franchise Business and the proposed sale You agree that we have the right to confer with any proposed buyer and furnish him or her with information concerning the Franchise Business and the proposed sale without being liable to you, except for intentional misstatements we made to a buyer Any information furnished by us to a proposed buyer is for the sole purpose of permitting the buyer to evaluate the Franchise Business and proposed sale and must not be construed in any manner or form whatsoever as financial performance representations or claims of success or failure

(vi) The buyer must sign our then-current form of Franchise Agreement and all other agreements attached as exhibits to our then-current FDD The new Franchise Agreement and other agreements may vary in material aspects from this Agreement, including higher Continuing License Fees, Technology Fees and Advertising Contributions and a change to the Exclusive Territory Neither party is obligated to perform their respective pre-opening obligations We will not charge an Initial Franchise Fee

(vii) You will pay us a Transfer Fee set forth in Subsection 3 1(e)

(viii) The buyer must assume your obligations under the lease of the Premises or sign a new lease with the landlord

(ix) You and your shareholders (members), and your directors and officers (managers) must sign a Franchise Termination and Release Agreement, in the form attached as Exhibit O to the FDD, of any claims against us and our subsidiaries and Affiliates, and their respective officers, directors, agents and employees

(x) At the buyer's expense, the buyer or a Designated Representative and the buyer's General Manager and assistant managers (unless the General Manager and assistant managers have been previously approved and trained by us) completes Initial Training then in effect for new Franchisees upon all terms that we reasonably require

(xi) The buyer, at its expense, will upgrade the Franchise Business to conform to the then-current standards and specifications of the new Franchise Business not to exceed $50,000 and complete the upgrading and other requirements within the time we specify

(xii) You remain liable for all of your obligations to us in connection with the Franchise Business before the effective date of the transfer You will sign any instruments we reasonably request to evidence the liability

(xiii) You agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the transfer,

(c) **No Subfranchising Rights** You have no right to grant a subfranchise

(d) **No Encumbrance of Franchise Right and Controlling Interest**. While you may encumber the assets comprising your Franchise Business with our prior written consent, you may not grant a security interest, collaterally assign or otherwise encumber your interest in this Agreement You may not pledge or otherwise encumber a controlling voting or equity interest in a Business Entity if you assign this Agreement to a Business Entity Any attempted encumbrance is void and is an Event of Default on your part

(e) **"For Sale" Restrictions** You will not permit to be placed upon the Premises a "Business For Sale" or "For Sale" sign, or any sign of a similar nature or purpose, nor in any manner use the Principal Trademark or other trademarks to advertise the sale of your Franchise Business or the sale or lease of the Premises These prohibitions apply to any activities under a listing agreement into which you may enter with a real estate or business broker

(f) **Disapproval of Transfer** Our disapproval of the transfer for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement, does not cause us any liability to you or the transferee Our consent to a transfer is not a waiver of any claims we may have against you Our consent to a transfer is not a waiver of our right to demand the transferee's exact compliance with this Agreement No transfer we approve relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement You are relieved of all liability for your transferee's conduct after a permitted transfer except you remain obligated to comply with those provisions that expressly survive an expiration or termination of this Agreement including the obligations of indemnification, confidentiality and non-competition

(g) **Transfer Without Our Consent.** Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement is void We will consider that your interest in this Agreement has been voluntarily abandoned giving us the right to deem you in non-curable default and terminate this Agreement You will also sign the Franchise Termination and Release Agreement included as Exhibit O to the FDD previously delivered to you

SECTION 10 3 TRANSFER UPON DIVORCE OR BUSINESS ENTITY DISSOLUTION

If this Agreement is in the name of 2 persons who are married or 2 or more persons who are owners of a Business Entity, this Section describes the policies to be applied upon a divorce or dissolution of the Business Entity During the period when a divorce or dissolution action is pending, you must give us written notice and adopt one of the following methods of operation

(a) **Relinquishment of Interest** If a party relinquishes his or her right and interest in the Franchise Business and the other spouse or owner will continue to operate the Franchise Business, he or she must assign the interest to the other spouse or owner if the other spouse or owner has successfully completed Initial Training This does not relieve that person relinquishing his or her interest of his or her personal obligations under this Agreement including the personal obligations of indemnification, confidentiality and noncompetition

(b) **Joint Cooperation** If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the Franchise Business jointly on a "business-as-usual" basis during the proceeding, they may do so

(c) **Third Party General Manager** If the parties in a divorce action or dissolution do not agree to operate under alternates (a) or (b), they must arrange to have a third party act as General Manager pursuant to Subsection 4 5(d) to operate the Franchise Business until the divorce or dissolution is completed

(d) **Final Order or Judgment** After a final order or judgment, the divorcing parties may continue to operate the Franchise Business In this case, however, each person must enter a formal agreement defining their respective rights and obligations, file a signed copy with us, assign this Agreement to the new Business Entity, appoint a Designated Representative and comply with all other requirements for operating the Franchise Business as a Business Entity Neither party is released from their obligations under this Agreement

SECTION 10 4 TRANSFER UPON DISABILITY OR DEATH

(a) **Disability** If you or any Franchise Owner/Designated Representative becomes disabled from any cause and is unable to perform his or her obligations under this Agreement, you will immediately provide and maintain a replacement General Manager satisfactory to us to perform your obligations If you fail or are unable to provide and maintain a replacement General Manager, we may hire and maintain the replacement General Manager in accordance with Section 2 17 Upon a determination of permanent disability or the disability lasts for more than 3 months, your interests in the Franchisee (if you are a Business Entity) or in this Agreement must be sold within 12 months (or a shorter period if required by state law) to an approved transferee in accordance with the terms of this ARTICLE

(b) **Death** Upon your death if you are an individual, or the death of any Franchise Owner who owns more than 50% of the equity interests or a controlling interest in you if you are a Business Entity, the authorized representative of the decedent will transfer the interest or all of the assets used in the operation of the Franchise Business to a third party that we approve within 6 months after death Such transfers including transfers by inheritance are subject to the same conditions as any transfer under Subsection 10 2(b) In the case of inheritance, if the heirs are unable to meet the conditions of Subsection 10 2(b) or it will violate the in-term covenant not to compete in Subsection 13 1(a), the authorized representative of the decedent will sell the

decedent's interest or assets to another party we approve within 6 months from the date of death subject to Subsection 10 2(b) If necessary, the authorized representative will, as soon as reasonably possible, provide and maintain a replacement General Manager satisfactory to us If the authorized representative fails to provide and maintain a replacement General Manager, we may hire and maintain the replacement General Manager in accordance with Section 2 17

SECTION 10 5 OUR RIGHT OF FIRST REFUSAL

(a) **Notice of Offer** If you are a Business Entity and the Franchise Owners receive an offer from a third party to purchase 100% of the equity interests of the Business Entity ("Equity Interest Offer") or the Franchisee receives an offer from a third party to purchase, outside the ordinary course of business, a material part or all of the Business Assets of the Franchise Business ("Asset Offer"), then you must ensure that the person receiving the Interest Offer, or upon the Franchisee receiving the Asset Offer (and in either case the person receiving the third party's offer is referred to as the "Offeror") understands that, if the Offeror desires to accept the Equity Interest Offer or the Asset Offer, the Offeror first offer to sell to us the Interest or the Assets for the consideration and on the terms stated in the third party's written offer (the "Offer") The Offeror must give us written notice that includes the name and address of the Offeree, the price and terms of the Offer, a copy of the signed purchase agreement and a franchise application completed by the Offeree, and any other information that we request in order to evaluate the Offer We have the right of first refusal to purchase the Interest or the Assets by accepting the Offer within 30 days after our receipt of the Offer and all required information

(b) **Acceptance of Offer** If we give notice of acceptance of the Offer, then the Offeror will sell and we will purchase the Interest or the Assets in accordance with the terms of the purchase agreement made by the Offeree However, if Offeror was obligated to pay a broker's commission on the sale to the Offeree, which brokerage commission is not due if we exercise our right of first refusal, the purchase price will be reduced by the amount of the brokerage commission that would have been paid by Offeror If the Offeror is extending purchase money financing, our creditworthiness is deemed at least equal to the creditworthiness of the Offeree

(c) **Unique Consideration** If the purchase agreement provides for the Offeree's full or partial payment to include consideration that is of a nature that we cannot reasonably duplicate (the "Unique Consideration"), we may substitute cash or stock (if we are a public company with registered shares) in lieu of the Unique Consideration The parties will agree on the value of the Unique Consideration within 30 days after we received the purchase agreement and other information If the parties cannot agree on the fair market value of the Unique Consideration, an independent appraiser the parties select will determine its fair market value If the parties are unable to agree on an independent appraiser within 10 days, the parties will each select an independent appraiser, and the appraisers will select a third independent appraiser (the "Third Appraiser") The Third Appraiser will determine the fair market value of the Unique Consideration If either party fails to select an appraiser and give notice to the other of the identity of the appraiser within the 10-day period, the appraiser selected by the other party will be the appraiser The parties will pay the cost of the appraisal equally

(d) **Other Assets** If the proposed sale includes assets that are not part of the operation of the Franchise Business, we may elect to purchase only the assets that comprise the Franchise Business The parties will determine an equitable purchase price If the parties cannot agree and allocate the purchase price to each asset included in the sale the value will be determined by the appraisal process described in Subsection 10 5(c)

(e) **Representations and Warranties** We will purchase the Interest or Assets subject to all customary representations and warranties given by a seller of stock or assets These representations and warranties include warranties as to ownership, condition and title to the Interest and/or Assets, absence of liens and encumbrances on the Interest and/or Assets, validity of contracts and the extent and natures of any liabilities of the Business Entity relating to the Interest purchased

(f) **Closing** Unless otherwise agreed to by the Offeror and us, the closing of the purchase of the Interest or the Assets will take place at our principal office no later than 60 days after you delivered the purchase agreement and other documents to us The closing of any purchase where Unique Consideration is determined in accordance with Subsection 10 5(c) will occur within 15 days after the value of the Unique Consideration is determined At any closing, the Offeror must deliver to us an assignment and other documents we request representing a transfer of ownership of the Interest or the Assets free of all liens, claims, pledges, options, restrictions, charges and encumbrances, in proper form for transfer and with evidence of payment by the Offeror of all applicable transfer taxes We will simultaneously make payment of any cash consideration for the Interest or Assets by a cashier's check drawn on a financial institution or payment by the issuance of the shares less any amounts you then owe us, if any

(g) **Waiver of Right**. If we do not accept the Offer, the Offeror s free, within the next 60 days after we have elected not to exercise our option, to sell the Interest or the Assets to the Offeree for the consideration and upon the terms specified in the Offer, subject to full compliance with all the terms of transfer required under this Agreement including those stated in Section 10 2 Before any sale of the Interest to the Offeree, the Offeree must deliver to us a written acknowledgment that the Interest purchased is subject to the terms of this Agreement and that the Offeree agrees to be bound to the terms of this Section on transferring the Interest, in the same manner as the Offeror If the Offeror does not sell the Interest or the Assets within the 60-day period, then any later transfer by the Offeror of the Interest or the Assets is again subject to the restrictions stated in this Agreement

(h) **Exceptions to Right** If a proposed Offeree is a corporation wholly owned by the Offeror or to the Offeror's spouse or child, we will not have any right of first refusal All transferees are subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement

ARTICLE 11 - DEFAULT AND TERMINATION

SECTION 11 1 TERMINATION BY YOU

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement You may also terminate this Agreement upon the mutual written agreement with us Any termination of this Agreement by you other than as stated above is a wrongful termination by you

SECTION 11 2 TERMINATION BY US - WITHOUT NOTICE

(a) **Automatic Termination** Subject to applicable law, this Agreement automatically terminates without notice to you or giving you an opportunity to cure on the date that any of the following Events of Default occurs

(i) You damage our Business System through violation of federal, state or local environmental laws

(ii) You make a general assignment for the benefit of creditors

(iii) You file a petition in bankruptcy, a petition for involuntary bankruptcy is filed against you, you consent to the petition, or the petition is not dismissed within 45 days

(iv) You are adjudicated as bankrupt, a bill in equity or other proceeding for the appointment of a receiver or other custodian for your Franchise Business or its assets is filed and you consent to it

(v) If a court appoints a receiver or other custodian (permanent or temporary) of your Franchise Business or its assets, or proceedings for a composition with creditors under federal or any state law is filed by or against you

(vi) A final judgment in excess of $25,000 remains unsatisfied for 30 days or longer (unless you file a *supersedeas* bond)

(vii) Execution is levied against the assets of your Franchise Business, or suit to foreclose any lien or mortgage against the assets of your Franchise Business is filed against you and is not dismissed within 45 days

(b) **Notice to Us** You will notify us within 3 days of the occurrence of any of the events described in Subsection 11 2(a)

SECTION 11 3 TERMINATION BY US - AFTER NOTICE

We may terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, if any of the following Events of Default occur

(a) **Cessation** You cease to do business at the Premises for more than 14 days in any calendar year or for more than 7 consecutive days, or lose the right of possession of the Premises after the expiration of all redemption periods and you have not satisfied the provisions of Section 1 5, if applicable

(b) **Forfeiture** You forfeit the right to do or transact business in the jurisdiction where your Franchise Business is located

(c) **Health or Safety Violation** You violate any health or safety law, ordinance or regulation, and you do not correct the violation within 3 Business Days after written notice from us or a governmental authority If you cannot reasonably cure in this time, then you must begin taking

all reasonable steps to cure within this time and complete a cure in no more than 30 days after receipt of written notice

(d) **Conviction** You or the General Manager, or any officer, director, or Franchise Owner, are convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the Business System, the Intellectual Property, the goodwill associated with the Intellectual Property, or our interest in any of the Intellectual Property, unless you immediately but legally terminate that individual's relationship with you

(e) **Denial of Inspection** You deny us the right to inspect your Franchise Business or to audit your records

(f) **Moral Turpitude** You engage in conduct that we determine is deleterious to or reflects unfavorably on you, the Franchise Business or the Business System in that the conduct exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior

(g) **Unauthorized Encumbrance or Transfer** You attempt to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a Business Entity that owns the Franchise Business) in violation of this Agreement, without our written consent

(h) **Breach of Personal Covenants** If any breach occurs under Sections 6 2 or 13 1 concerning confidentiality and non-competition covenants

(i) **Falsehoods** You knowingly maintain false records or knowingly submit any false reports to us

(j) **Infringement** You misuse or make any unauthorized use of the Intellectual Property or otherwise materially impair the goodwill associated with the Intellectual Property or our rights in the Intellectual Property

(k) **Recurring Defaults** You receive from us 3 or more Notices of Default for the same or similar defaults during any 12 consecutive-month period, even if all defaults were cured

SECTION 11 4 TERMINATION BY US - AFTER NOTICE AND RIGHT TO CURE

(a) **Health or Safety Violation** If a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to cleanliness, health and sanitation, or if the operation of the Franchise Business presents a health or safety hazard to your customers or to the public (i) you will have no more than 24 hours after we provide written notice of the default to cure the default, and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination

(b) **Monetary Defaults** With respect to monetary defaults, you have 10 days after delivery from us of a written Notice of Default specifying the amount due to pay us the full amount

due plus interest, late charges and our attorneys' fees Failure to remedy any monetary default within 10 days of receipt of Notice of Default is an Event of Default giving us the right to terminate this Agreement

(c) **Other Non-Monetary Defaults** With respect to non-monetary defaults, except as otherwise provided in Section 11 2 and 11 3, you have 30 days after delivery from us of a written Notice of Default specifying the nature of the default and what steps you must take to remedy any default You must timely provide evidence of cure satisfactory to us If you fail to cure any default within that time (or any longer time required by applicable law), you have committed an Event of Default giving us the right to terminate this Agreement In addition to the Events of Default specified in Sections 11 2 and 11 3, it is an Event of Default if you fail to comply with any requirement imposed by this Agreement, as it may be revised or supplemented by the HEW Intranet/HEW Operations Manual You have the burden of proving that you properly and timely cured any default, to the extent we permit a cure under this Agreement

(d) **Cessation of Services** During a cure period, we reserve the right to refuse to provide services or products to you without our being in default of this Agreement

ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION DUE TO YOUR DEFAULT OR ON NONRENEWAL

Upon our termination of this Agreement due to your default or upon the expiration and nonrenewal of the Agreement, the Sections of this ARTICLE apply to the parties' rights and obligations

SECTION 12 1 CEASE OPERATION OF THE FRANCHISE BUSINESS

You will immediately cease operating the Franchise Business You will not, directly or indirectly, use any of the Intellectual Property You will not represent yourself as a present or former Franchisee of us You must not continue to associate yourself with the Intellectual Property or use the Business System You will immediately cease using all stationery, signage and other materials containing the Intellectual Property You will also immediately cease using all telephone numbers for the Franchise Business You authorize us to take whatever actions are necessary to comply with this Section and in accordance with the Telephone Number and Directory Advertising and Assignment Agreement, the form of which is included as Exhibit J to the FDD You must cease using our Website You must cease using any URL and Internet addresses used for your Franchise Business that we do not own and immediately transfer to us the URL and Internet addresses You must return to us all software, disks, tapes and other magnetic storage media we provided to you in good condition (reasonable wear and tear excepted) You must delete all software and applications from all memory and storage devices

SECTION 12 2 PAYMENT OF OUTSTANDING AMOUNTS

We will retain all fees paid under this Agreement except for refunds expressly required in this Agreement You must pay to us (a) all unpaid Continuing License Fees, Technology Fees and Advertising Contributions (b) all amounts owed for products or services you purchased from us, (c) all payments we paid to Designated Suppliers and Approved Suppliers on your behalf and to the Landlord to cure your default under the Lease, and (d) all other amounts owed to us within 10 days after the effective date of the termination, or any later dates as we determine that amounts are due

to us You must also pay all Affiliates, Designated Suppliers, Approved Suppliers and other creditors the amounts you owe to them

SECTION 12 3 DISCONTINUANCE OF USE OF TRADE NAME

You must immediately cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation within 30 days after our termination or the expiration of this Agreement If you fail to cancel, you appoint us as your attorney-in-fact to do so

SECTION 12 4 OUR OPTION TO PURCHASE CERTAIN ASSETS USED IN YOUR FRANCHISE BUSINESS

(a) **Option to Purchase** We have the option to purchase from you all the Assets used in your Franchise Business by giving you written notice within 30 days from the date of expiration or termination We have the unrestricted right to assign this option to purchase We are entitled to all customary warranties given by a seller of a business, including (i) ownership, condition and title to the assets, (ii) the absence of liens and encumbrances on the assets, and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise The purchase price for the Assets is their respective fair market value, determined as of the effective date of purchase, in a manner consistent with reasonable depreciation of your leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and other depreciable assets of your Franchise Business The purchase price will take into account the termination of the Franchise granted under this Agreement and will not contain any factor or increment for any trademark, service mark or other commercial symbol used in the operation of your Franchise Business

(b) **Fair Market Value** The parties will agree on the fair market value within 30 days after your receipt of our notice exercising our option Absent agreement, within 10 days thereafter, the parties will select an independent appraiser to determine the fair market value If the parties are unable to agree on the appraiser, the parties will each select an appraiser, and the 2 appraisers will select a third independent appraiser (the "Third Appraiser") The Third Appraiser will determine the fair market value If either party fails to select timely an appraiser, the appraiser selected by the other party will select the Third Appraiser You will give the Third Appraiser full access to your Franchise Business, the Premises and your records during normal business hours to conduct the appraisal The parties will pay the Third Appraiser's costs equally

(c) **Closing** We will pay the purchase price in cash at the closing of the purchase The closing will take place within 90 days after your receipt of our notice of exercise At the closing, you will deliver instruments transferring to us good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests assumable and acceptable to us) with all transfer taxes paid If you cannot deliver clear title to all of the Assets, or if there are other unresolved issues, the closing of the sale will be in escrow The parties will comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state where your Franchise Business is located, if any, and the bulk sales provisions of any applicable tax laws and regulations You will pay all tax liabilities incurred in the operation of your Franchise Business before or at the closing of the purchase We have the right to set off against and reduce the purchase price by all amounts you owe to us, and the amount of any encumbrances or liens against the assets or any obligations we assume If we elect to assume the lease of the Premises, you will vacate and deliver possession upon demand

(d) **Interim Management** If we exercise the option to purchase, pending the closing of the purchase, we have the right to appoint a General Manager to maintain the operation of your Franchise Business under Section 2 18 Alternatively, we may require you to close your Franchise Business until the closing without removing any assets if the landlord consents You will maintain in force all insurance policies required in this Agreement until the date of closing

(e) **Lease** If you lease the Premises, we agree to use reasonable efforts to either assume the lease, or effect a termination of the lease and enter into a new lease If we assume your lease, we will indemnify you from any ongoing liability under the lease that occurs after the date we assume possession of the Premises If you own the Premises, upon purchase of the Assets, you will enter into a new lease with us The lease will be on terms comparable for similarly leased commercial properties in the area for a term of at least 10 years and for a rental equal to the fair market rental value of the Premises The Appraiser (selected in the manner described above) will determine the rental value, if the parties cannot agree on the fair market rental value of the Premises

SECTION 12 5 DISTINGUISHING OPERATIONS

(a) **Non-Competitive Business** If we do not exercise our option under Section 12 4 and you desire to remain in possession of the Premises, you may only operate a business that does not violate your covenant not to compete You must make all modifications to the Premises immediately upon termination of this Agreement as necessary to distinguish the appearance of the Premises from that of other Franchise Businesses

(b) **De-Identification** You must immediately remove all identifying architectural superstructure and signage on, about or in the Premises bearing the name or logos of Hard Exercise Works (or any name or logo similar to Hard Exercise Works), in the manner we specify You will hold all property belonging to us for delivery to us, at our expense, upon request Any signage that you are unable to remove within 1 Business Day of the termination or expiration of this Agreement you must completely cover the signage until the time of their removal If you fail or refuse to comply with this obligation, we have the right to enter the Premises, without being guilty of trespass or any other tort for the purpose of removing the signage and storing them at another location, at your reasonable expense (for signage not owned by us) payable by you on demand

(c) **Notice to Customers** Until you complete all modifications and alterations required by this Section, you must maintain a conspicuous sign at the Premises in a form we specify stating that your business is no longer associated with our Business System You also must advise all customers or prospective customers calling your new telephone number that your new business is no longer associated with our Business System

(d) **Our Entry Right** If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Premises to make all changes as may be required at your expense and at your sole risk We have no responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act You agree that your failure to make these alterations will cause us irreparable injury

SECTION 12 6 UNFAIR COMPETITION

You agree, if you continue to operate or later begin to operate any other business, you will not engage in any unfair competition as that term has been interpreted under 15 U S C § 1125(a),

commonly known as Subsection 43(a) of the Lanham Act or under Florida law including trademark infringement, passing off, false advertising, misappropriation and unfair competition This Section does not relieve, directly or indirectly, your obligations under ARTICLE 13

SECTION 12 7 RETURN OF MATERIALS

You will immediately deliver to us all Confidential Information including the HEW Intranet/HEW Operations Manual in your possession or control, and all copies and any other forms of reproductions of these materials You agree that all these materials are our exclusive property

SECTION 12 8 OUR PURCHASE RIGHTS OF ITEMS BEARING INTELLECTUAL PROPERTY

Even if we do not exercise our option under Section 12 4, we have the option (but not the obligation), upon notice to you within 30 days after termination or expiration, to purchase any assets used in the Franchise Business bearing the Intellectual Property This includes signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your cost or fair market value (less a 20% restocking charge) If the parties fail to agree on fair market value, the parties will use the same appraisal process described in Subsection 12 4(b) If we elect to exercise our option to purchase, we will have the right to set off all amounts due from you under this Agreement and ½ the cost of the Third Appraisal, if any, against any payment to you If you fail to sign and deliver to us the necessary documents to transfer good title to these assets, we are entitled to apply to any court of competent jurisdiction for a mandatory injunction and specific performance to compel you to comply with our rights granted in this Agreement You will pay to us all of the expenses, including our reasonable attorneys' fees relating to our exercise of this option or we will credit these expenses against the purchase price

SECTION 12 9 LIQUIDATED DAMAGES FOR PREMATURE TERMINATION

If we terminate this Agreement due to your default or you terminate this Agreement without cause, in addition to all amounts you owe us at the time of termination, you will also pay us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Continuing License Fees for (i) the 36 calendar months of operation of your Franchise Business preceding the termination, (ii) the period of time your Franchise Business has been in operation preceding the termination, if fewer than 36 calendar months, projected on a 36-calendar-month basis, or (iii) any shorter period that equals the unexpired period of the Initial Term The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default is difficult to calculate and the parties desire certainty in this matter The parties agree that the lump sum payment is reasonable in light of the damages for premature termination that we will incur in this event You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief This payment does not relieve you from your obligations that survive the termination or expiration of this Agreement including the obligations of indemnification, confidentiality and non-competition

ARTICLE 13 - YOUR INDEPENDENT COVENANTS

SECTION 13 1 DIVERSION OF BUSINESS, COMPETITION AND INTERFERENCE WITH US

(a) **Covenant Not to Compete** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the Franchisees if we permit Franchisees to hold interests in any Competitive Business You covenant that during the Initial Term or a Renewal Term and for 24 months after the termination of this Agreement due to your default, for 24 months after the expiration and non-renewal of this Agreement, or for 24 months after you transfer your Franchise Business, except as we otherwise approve in writing, you and your officers, agents, servants, employees, and all others in active concert or participation with you, will not, directly or indirectly

A Solicit, or otherwise attempt to induce by combining or conspiring with another person, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its existing or prospective business relationship with us or to compete against us,

B Be involved with a Competitive Business as owner, officer, director, employee, agent, lender, landlord, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location within 10 miles of the Premises or within 10 miles of any Franchised Unit or Company-Owned Unit then in operation or under contract, or

C Interfere with, disturb, disrupt, harm or attempt to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees or any other Hard Exercise Works locations, customers, employees, shareholders, suppliers, suppliers, lenders or creditors including inducing employees to leave, ceasing doing business with, or diminish his, her or its relationship with us or our Franchisees

(b) **Section 542.335 of the Florida Statutes** You, your Franchise Owners and your guarantors agree that we have a legitimate business interest justifying the enforcement of this restrictive covenant, consistent with Section 542 335 of the Florida Statutes, which legitimate business interest includes

(i) Substantial relationships with employees and valuable confidential business or professional information that does not otherwise qualify as trade secrets,

(ii) Substantial relationships with specific prospective or existing customers and suppliers,

(iii) Customer and Customer goodwill associated with

1 An ongoing group fitness training business, including a HIIT training facility,
2 A specific geographic location
3 A specific marketing and trade area,
4 A specific marketing plan to prospects,
5 A list of subcontractors,

6 A list of 1099 Recipients, and
7 A list of customers

(c) **Reasonableness of Covenant** You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and are not the result of overreaching, duress or coercion of any kind You agree that your full, uninhibited and faithful observance of each of the covenants in this Section will not cause you any undue hardship, financial or otherwise The enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors You agree that your special knowledge of the business operated by a Franchise Businesses (and anyone acquiring this knowledge through you) would cause us and our Franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our Franchisees

(d) **Tolling** You agree that the 24-month period will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement

(e) **Court Modification** If any court rules that the time, territory, scope or any other provision in this Section is an unreasonable restriction upon you, you agree that these provisions are not rendered void, but apply as to time, territory, scope or to any other extent that the court determines or indicates are reasonable restrictions under the circumstances involved

SECTION 13 2 INDEPENDENT COVENANTS, THIRD PARTY BENEFICIARIES

(a) **Independent Covenants** The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement You agree that the existence of any claim you may have against any affiliate or us under this Agreement or otherwise, is not a defense to our enforcement of these covenants

(b) **Third Party Beneficiaries** The parties agree that all other Franchisees are third party beneficiaries of the terms of Section 13 1 Another Franchisee has the right to enforce these covenants at its expense without our joinder or participation, if we are unwilling or unable to enforce these covenants, but without any liability to the Franchisee on our part

ARTICLE 14 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION

SECTION 14 1 INDEPENDENT STATUS

You are an independent contractor Nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venture partner, joint employer, partner, employee, affiliate or servant of the other party for any purpose, unless expressly provided in this Agreement to the contrary The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation on behalf of the other party, nor to incur any debt or other obligation in the other party's name You will take all affirmative action we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that your Franchise Business is

independently owned and operated by you The content of any plaque and notice is subject to our written approval

SECTION 14 2 INDEMNIFICATION

(a) **Our Indemnification** You are responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of your Franchise Business and for all claims for damages to property or for injury, illness or death of persons directly or indirectly resulting from your or your employees' and agents' action or inaction You indemnify us and hold us harmless from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving your ownership and/or operation of your Franchise Business, unless caused by our negligence or intentional misconduct This indemnity obligation continues in full effect after the expiration, transfer or termination of this Agreement We will notify you of any claims You have the opportunity to assume the defense of the matter If you fail to assume the defense, we may defend the action in any manner we deem appropriate You will pay to us all costs, including attorneys' fees that we incur in effecting the defense, in addition to any sum that we may pay by any settlement or judgment against us Our right to indemnity under this Agreement arises and is valid regardless of any joint or concurrent liability imposed on us by statute, ordinance, regulation or other law

(b) **Your Indemnification** We fully protect, indemnify and defend you and hold you harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our Company-Owned Outlets (regardless of cause or any concurrent or contributing fault or negligence by you) or any breach by us or our failure to comply with the terms and conditions of this Agreement

ARTICLE 15 - REPRESENTATIONS AND WARRANTIES

SECTION 15.1 OUR REPRESENTATIONS

We make the following representations and warranties to you that are true and correct upon the signing of this Agreement

(a) **Organization** We are a limited liability company duly organized, validly existing and in good standing under the laws of the State of Florida

(b) **Authorization** We have the company power to sign, deliver, and carry out the terms of this Agreement We have taken all necessary action for proper authorization This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally

(c) **No Violation** Our performance of our obligations under this Agreement will not result in (i) the breach of any term of any contract or agreement to which we are a party to or that we are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default, or (ii) the violation by us of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree

SECTION 15 2 YOUR REPRESENTATIONS

You make the following representations and warranties to us that are true and correct upon signing this Agreement and throughout the Initial Term

(a) **Authorization** You have the power to sign, deliver, and carry out this Agreement You have taken all necessary action for proper authorization This Agreement has been duly authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally

(b) **No Violation** The performance by you of your obligations under this Agreement will not result in (i) the breach of any term of, or be a default under, any term of any contract, agreement or other commitment to which you are a party to or you are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default, or (ii) the violation by you of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree

(c) **No Speculative Intent** You are not obtaining the Franchise Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the assets comprising the Franchise Business

(d) **True Copies** Copies of all documents you furnished to us are correct copies of the documents, including all amendments or modifications, and contain no misleading or incorrect statements or material omissions

SECTION 15 3 RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

You acknowledge you have received from us our Franchise Disclosure Document for the state of your residence and where your Franchise Business will be located containing all exhibits to the Franchise Disclosure Document at least 14 days before (a) you signed this Agreement and any other agreement with us imposing a binding obligation on you, and (b) your paying any consideration to us for the sale or proposed sale of a Franchise

SECTION 15 4 RECEIPT OF COMPLETED FRANCHISE AGREEMENT

You also acknowledge that you have received from us a completed copy of this Agreement and all related agreements, containing all material terms, (except for the date, signatures and any minor matters not material to the agreements), with all blanks filled in, at least 7 days before you signed this Agreement

SECTION 15 5 ACKNOWLEDGMENT OF RISK

You agree to the following

(A) YOUR SUCCESS IN OWNING AND OPERATING YOUR FRANCHISE BUSINESS DEPENDS ON MANY FACTORS INCLUDING YOUR INDEPENDENT BUSINESS ABILITY. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY US OR ANY OF OUR EMPLOYEES, BROKERS OR REPRESENTATIVES, TO INDUCE YOU TO ENTER INTO THIS

AGREEMENT EXCEPT AS INCLUDED IN THIS AGREEMENT. WE DO NOT AUTHORIZE ANY OFFICER, DIRECTOR, EMPLOYEE, BROKER OR OTHER REPRESENTATIVE TO DO OTHERWISE.

(B) YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH US, OUR OFFICERS, DIRECTORS, EMPLOYEES, BROKERS (IF ANY) AND OTHER REPRESENTATIVES, ARE ACTING ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY YOU AGREE THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN YOU AND ANY INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE ONLY BETWEEN YOU AND US AND NOT THE INDIVIDUALS

(C) IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE FRANCHISE BUSINESS IN THE JURISDICTION WHERE YOU INTEND TO OPERATE YOUR FRANCHISE BUSINESS. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE IF A GOVERNMENTAL BODY ENACTS ANY LEGISLATION OR REGULATION THAT PREVENTS YOU FROM OPERATING YOUR FRANCHISE BUSINESS, WE ARE NOT LIABLE TO YOU FOR ANY DAMAGES WE DO NOT HAVE TO INDEMNIFY YOU OR RETURN TO YOU ANY MONIES WE RECEIVED FROM YOU

ARTICLE 16 - TERM

SECTION 16 1 INITIAL TERM

The Initial Term of this Agreement is 10 years from the Lease Commencement Date, unless sooner terminated under ARTICLE 11 The conditions to obtain a Renewal Franchise Agreement at the expiration of this Agreement are those stated in Section 16 2

SECTION 16 2 OPTION TO OBTAIN RENEWAL FRANCHISE AGREEMENT

(a) **Evergreen Renewal** We grant you unlimited options to obtain a Renewal Franchise Agreement for a term of 10 years each You must satisfy all of the following conditions before the expiration of the Initial Term or a Renewal Term, unless we specified another time below

(i) You must give us written notice of your intention to exercise the option at least 6 months before but not more than 12 months before the end of the Initial Term or a Renewal Term

(ii) You cannot be in default of any provision of this Agreement or any other agreement between you and us at the time of renewal

(iii) You have attained during the last 12 months of the Initial Term or a Renewal Term, Gross Revenues of not less than 75% of the Network median (including both Company-Owned Units and Franchised Units) over the same period and receive an average score of at least 85% on audits and mystery shopping at your Franchise Business over the last 3 years

(iv) Within 30 days before the end of the Initial Term or a Renewal Term, you must sign and deliver to us a Renewal Franchise Agreement The Renewal Franchise Agreement may have material business terms that are different from the terms of this Agreement We are not obligated to provide any initial or other pre-opening obligations

and you are not obligated to perform any pre-opening duties contained in the Renewal Franchise Agreement that apply only to new franchisees You must also sign all other agreements ancillary to the Renewal Franchise Agreement

(iv) You will not pay another Initial Franchise Fee,

(v) You and your shareholders (members), and your directors and officers (General Managers) must sign a Franchise Termination and Release Agreement, in the form attached as Exhibit O to the FDD, releasing any claims you may have against us and/or our subsidiaries and affiliates, and their respective officers, directors, agents and employees

(vi) You must be entitled to continue to occupy the Premises for the entire Renewal Term including renewal rights or obtain our approval of a new location for the Franchise Business within the Exclusive Territory, but not within the exclusive territory of a Company-Owned Unit or Franchised Unit, in accordance with our relocation procedures stated in Section 1 6

(vii) You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading to bring the Franchise Business up to current brand standards but not to exceed $50,000

(b) **Our Right Not to Renew** If you have not met all of the conditions stated in Subsection 16 2(a), or if you have received 4 or more notices of default during the Initial Term, even if you cured the defaults, we may elect not to enter into a Renewal Franchise Agreement Within 5 days after you receive our written notice that we have elected not to enter into a Renewal Franchise Agreement, you may request our permission for you to sell your Franchise Business You will then have 180 days to sell the Franchise Business, subject to our right of first refusal This notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have other grounds to terminate the Initial Term) This transfer must comply with the provisions of Subsection 10 2(b) and all the other applicable terms of this Agreement During this period, you must continue to operate your Franchise Business in accordance with the terms of this Agreement

SECTION 16 3 REINSTATEMENTS AND EXTENSIONS

If any termination or expiration of the Initial Term would violate any applicable law, we may reinstate or extend the Initial Term to comply with the law for the duration provided by us in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 17 - DISPUTE RESOLUTION

This is a long-term business relationship If a dispute arises at any time between the parties relating to this Agreement, the parties will follow the dispute resolution procedures set forth in this ARTICLE

SECTION 17 1 INFORMAL DISPUTE RESOLUTION

Except for the matters involving the remedies in Section 17 4, the parties will attempt in good faith to meet in person to discuss and resolve the dispute The party requesting the meeting will send a written notice to the other party detailing what the party believes to be the nature of the

dispute including the facts and the provisions in this Agreement on which the dispute is based-and how the dispute may be satisfactorily resolved The meeting will take place at our headquarters (currently Jupiter, Florida) At the meeting, each party will be represented by a person authorized to conclusively resolve the dispute on that party's behalf and to bind that party to any agreed-upon resolution Discussions and exchanges of information and materials, if any, are confidential and must be treated as part of compromise and settlement negotiations for purposes of applicable rules of evidence If the parties resolve the dispute at the meeting, they shall immediately formalize that resolution by an agreement that they both sign at the time This step must occur before either party can file a request for mediation Any party that fails to attend or participate in the meeting, within 30 days of written request, may not begin any mediation under Section 17 2 to resolve the dispute If the parties cannot informally resolve the dispute, the party seeking formal resolution of the dispute must, before it may commence or initiate a legal or administrative proceeding relating to the dispute, submit the dispute to nonbinding mediation as described in Section 17 2

SECTION 17 2 MEDIATION

Except for the matters involving the remedies in Section 17 4, if the parties have failed to informally resolve the dispute under Section 17 1, the dispute initiating party must submit the dispute to non-binding mediation with the other party before a mediator that is a member of the FORUM Arbitration, Mediation International ("FORUM") or another mutually agreeable mediator within 30 days after informal dispute resolution has concluded Mediation must take place before the dispute initiating party can file any demand for arbitration or complaint Both parties will sign a confidentiality agreement reasonably satisfactory to both parties The parties will conduct the mediation in Jupiter, Florida Each party will bear his, her or its own costs for the mediation and each party will pay 50% of FORUM'S fees and the mediator's fee If a dispute initiating party refuses to mediate the dispute, the dispute initiating party cannot file any demand for arbitration or complaint involving the matter in dispute If the other party refuses to mediate, the other party has waived mediation and the dispute initiating party may immediately file a demand for arbitration or a complaint

SECTION 17 3 ARBITRATION

(a) **FORUM** Except as specifically modified by this ARTICLE and matters involving the remedies in Section 17 4, any controversy or claim under this Agreement, including any claim that this Agreement, or any part of this Agreement, is invalid, illegal or otherwise voidable or void, including any claim of fraud in the inducement, the dispute must be submitted by the dispute initiating party to arbitration before FORUM or any other mutually agreeable arbitration association to be resolved by a single arbitrator

(b) **Enforceability** The provisions of this Section are independent of any other covenant or provision of this Agreement If a court of competent jurisdiction determines that any provision is unlawful in any way, that court will modify or interpret the provisions to the minimum extent necessary to have the provisions comply with the law All issues of the arbitrability and the enforcement of this agreement to arbitrate are governed by the Federal Arbitration Act, the federal common law of arbitration and the laws of the State of Florida including the Revised Florida Arbitration Code and Florida's statutes of limitation

(c) **Venue** The parties agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and the arbitration will be conducted as provided in Section 17 5

(d) **Injunctive Relief** Either party may file for injunctive relief through Forum in accordance with its rules to protect the effectiveness of the arbitration proceeding and promote the fair and expeditious resolution of the controversy

(e) **No Group or Class Action Arbitration** Only your individual claims may be raised in arbitration There will be no group or class action arbitration

(f) **Joinder** All parties who may be legally responsible agree to participate in the arbitration and the parties must join all potential legal claims in the arbitration forum

(g) **Rules** The rules governing the conduct of the arbitration proceedings are consistent with generally prevailing standards of due process

(h) **Panel** The panel from which the parties choose the arbitrator must be comprised of persons knowledgeable in the franchise industry and who have demonstrated a capability for unbiased decision

(i) **Limited Discovery** The arbitrator will permit limited discovery consistent with due process and the arbitrating organization's discovery rules and the discovery plan approved by the arbitrator

(j) **Preliminary Hearing** For claims in excess of $75,000, before the actual hearing on the merits, either party may elect to have the arbitrator conduct a preliminary hearing At this hearing, each party may present testimony and other evidence Either party may submit briefs including a brief stating their legal theories and the applicable statutory or common law, and the methods of measuring damages relating to the controversy or claim

(k) **Hearing** The actual hearing on the merits must occur within 6 months of the date of the filing of the arbitration proceeding

(l) **Opinion, Final Award** The arbitrator must issue a reasoned written award on the merits within 30 days of the completion of the hearings on the merits The arbitrator has the right to award or include in the award any relief with he or she deems proper in the circumstances, including money damages, liquidated damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, in accordance with this provision

(m) **Final Judgment** The court is vested with jurisdiction over the arbitration award immediately upon the entry of the award After 30 days from the issuance of the arbitration award, if there is no appeal, either party may request that the court issue a final judgment based on an arbitration award in any court having competent jurisdiction The judgment is binding, final and non-appealable

(n) **Appeal** If any party to arbitration wishes to appeal any final award (there will be no appeal of interim awards or other interim relief), the party may appeal, within 30 days of the final award, to a 3-arbitrator panel appointed by the same organization that conducted the arbitration The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration hearing and will not include any trial *de novo* or other fact-finding function The party requesting the appeal must pay all expenses charged by the arbitration appeal panel and/or arbitration organization in the appeal and must post any bond deemed appropriate by the

arbitration organization or arbitration appeal panel In addition, a party requesting appeal that does not prevail on the appeal will pay the attorneys' fees and other costs that the other party incurred in responding to the appeal

(o) **Failure to Pay Costs** If a party fails to pay its, his or her share of the costs of arbitration, the arbitrator may enter an award against that non-paying party as to liability but not as to damages The arbitrator will conduct a special hearing for the paying party on the issue of damages The other party may attend the hearing

(p) **Failure to Appear** If either party fails to appear at any properly noticed arbitration proceeding, an award on liability may be entered against that party by default or otherwise The arbitrator will conduct a special hearing for the appearing party on the issue of damages The other party may attend the hearing

(q) **Self-Execution** This arbitration provision is self-executing and remains in full effect after the expiration, transfer or termination of this Agreement

SECTION 17 4 EXCEPTIONS TO MEDIATION AND ARBITRATION, EQUITABLE RELIEF

(a) **Exceptions** The obligations set forth in Sections 17 1 to 17 3 are not binding on either party for (i) claims involving the Intellectual Property, (ii) claims involving any lease of real property between the parties or their related entities, (iii) your obligations upon the termination, transfer or expiration of this Agreement, (iv) any encumbrances or transfers restricted under this Agreement concerning interests in the Franchisee, the Franchise Business and this Agreement, (v) matters involving actions that may impair the goodwill associated with the Intellectual Property, (vi) matters involving claims of danger, health or safety involving the Franchise, the employees, customers or the public, or (vii) requests for restraining orders, injunctions or other procedures in a court of competent jurisdiction to obtain specific performance when deemed necessary by any court to preserve the *status quo* or prevent irreparable injury pending resolution by mediation or arbitration of the actual dispute between the parties

(b) **Injunction** You recognize that your Franchise Business is just one of a large number of businesses identified by the Intellectual Property in selling to the public the products and services associated with the Intellectual Property The failure on the part of a Franchisee to comply with the terms of the Franchise Agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy Upon your breach or threatened breach of any of the terms of this Agreement concerning any matters referenced in Subsection 17 4(a), we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement We are entitled to seek this relief without the posting of any bond or security or, if a bond is required by the temporary arbitrator appointed by Forum or a court of competent jurisdiction, the parties agree that the sum of $1,000 is a sufficient bond

SECTION 17 5 VENUE AND JURISDICTION

(a) **Venue** The parties irrevocably and unconditionally (i) agree that any informal dispute meetings, mediation, arbitration or suit, action or legal proceeding involving your Franchise Business or this Agreement will be conducted in the county where our principal place of business is

then located or may be brought in the District Court of the United States, in the district where our principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where our principal place of business is then located, (ii) consent to the jurisdiction of each court in any suit, action or proceeding, (iii) waive any objection that he, she or it may have to the laying of venue of any suit, action or proceeding in any of these courts, and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under applicable laws or court rules in the state where our principal place of business is then located Our principal place of business is currently, Palm Beach County, Florida

(b) **Jurisdiction.** The parties specifically agree that this Agreement requires systematic and continuous contact with the State of Florida or where our principal place of business is located These contacts include the payment of fees in State of Florida, the supplying of financial and other information into the State of Florida, training and orientation and the performance of other obligations under this Agreement in the State of Florida This exclusive choice of jurisdiction does not preclude the bringing of any action by the parties for the enforcement in any other appropriate jurisdiction of any judgment obtained in the State of Florida

SECTION 17 6 ENFORCEMENT COSTS

(a) **Informal Dispute Resolution and Mediation Costs** Each party will bear its, his or her own costs in engaging in informal dispute resolution Each party will bear its, his or her own costs in any mediation except the filing fee and the fees to the mediator will be shared equally by the parties

(b) **Arbitration Costs** Each party will initially pay one-half of the costs of the filing fee and the fees for the arbitrator subject to reimbursement by the non-prevailing party to the prevailing party as determined by the arbitrator If either party fails to pay its, his or her share of any arbitration fee or deposit, the other party who has paid its, his or her share may move for the arbitrator to issue an award on liability but the arbitrator will conduct a separate hearing to determine damages or other relief

(c) **Prevailing Party** If any arbitration or legal action is permitted and instituted under Sections 17 3 or 17 4, the Prevailing Party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled Attorneys' fees include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the Prevailing Party

SECTION 17 7 GOVERNING LAW

All disputes between the parties are governed by the Federal Arbitration Act, the federal common law of arbitration and the laws of the State of Florida including the Revised Florida Arbitration Code and Florida's statutes of limitation

SECTION 17 8 WAIVER OF PUNITIVE DAMAGES CLAIMS

THE PARTIES WAIVE ALL RIGHT TO ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT UPON A DISPUTE BETWEEN THEM, EACH IS LIMITED TO THE RECOVERY OF ACTUAL DAMAGES HE, SHE OR IT SUSTAINS

SECTION 17 9 WAIVER OF JURY TRIAL

THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY OF ALL CLAIMS MADE BETWEEN THEM WHETHER EXISTING NOW OR IN THE FUTURE, INCLUDING ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS INVOLVING THE SALE, NEGOTIATION, SIGNING OR PERFORMANCE OF THE TRANSACTIONS INVOLVING THIS AGREEMENT

ARTICLE 18 - DEFINITIONS

SECTION 18 1 DEFINITIONS

As used in this Agreement, the following terms have the following meanings

"**Advertising Contributions**" means the payments to the Brand Fund described in Subsection 3 1(d)

"**Advertising Rebates**" means the funds we received from purchases from media companies that are deposited into the Brand Fund

"**Agreement**" means this Hard Exercise Works Franchise Agreement, as it may be amended, supplemented or otherwise modified by the parties under Section 19 1

"**Agreement Date**" means the date set forth on page 1 of this Agreement

"**Approved Supplier**" means a supplier of a particular product or service, possibly among several other suppliers, that we have approved

"**Brand Fund**" means the fund described in Section 7 5 into which Advertising Contributions described in Subsection 3 1(d) are deposited for the creation of branding the HEW name This may also include the creation of advertising, marketing, and promotional materials

"**Business Associate**" means any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts

"**Business Day**" means the period from 9 00 a m to 5 p m Monday through Friday except for national holidays

"**Business Entity**" means a corporation, limited liability company, general partnership, limited partnership or other Business Entity authorized or qualified by state law of the state in which it will own and operate the Franchise Business as the Franchisee

"**Business Office**" means the office either at home or at commercial complex

"**Business System**" means our business system including uniform system for the establishment and operation of Hard Exercise Works Franchise, including a distinctive exterior and interior design, trade dress decor and color scheme, uniform standards, specifications, and procedures for operations, procedures for quality control, training and ongoing operational assistance, advertising and promotional programs, and other related benefits for use of Franchisee under the Marks, all of which we may change, improve and further developed from time to time for operating a Franchise Business

"**Company-Owned Unit**" means a Hard Exercise Works business operated under the Business System and owned by us or any Affiliate or Predecessor

"**Competitive Business**" means a business engaged, wholly or partially, directly or indirectly, in an instructional and educational exercise facility that offers nutrition management and fitness training or any other business in which we and our other franchisees are then engaged

"**Computer System**" means the computer, printer and modem or other computer hardware you are must purchase in accordance with our specifications contained in the HEW Intranet/HEW Operations Manual

"**Confidential Information**" means the HEW Intranet/HEW Operations Manual and other copyrighted materials made available to you contain confidential and proprietary information and are our trade secrets We possesses and will develop and acquire confidential and proprietary information, and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our Franchisees develop all information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets including information developed during the Initial Term or Renewal Term that derives independent economic value from being not generally known or readily ascertainable by other persons who could obtain economic value from its disclosure or use, yet, excluding information that is in the public domain

"**Continuing License Fee**" means the fee described in Subsection 3 1(b)

"**Cooperative**" means the regional advertising cooperative described in Section 7 3

"**Copyrights**" means the HEW Intranet/HEW Operations Manual, any marketing and advertising materials, forms, lists, schedules and other documents and materials in whatever form that we or our Affiliate assert common law copyright rights regardless of whether the copyrighted work has been registered with United States Registrar of Copyrights

"**Designated Representative**" means _____, the person you designate to act on your behalf as described in Subsection 4 6(b)

"**Designated Supplier**" means a supplier from whom you must purchase certain products or services for your Franchise Business

"**Designee**" means our representative who is an independent contractor appointed by us to perform certain of our duties under this Agreement as described in ARTICLE 2

"**Design Specifications**" means the specifications described in Section 2 3

"**DMA**" means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market These counties comprise the major viewing audience for the television stations located in their particular metropolitan area For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget The areas do not overlap, and every county in the United States belongs to only one DMA

"**Enforcement Costs**" means the costs described in Section 17 6

"**Event of Default**" means a breach of this Agreement including those situations described in Sections 1 6(a), 1 6(b), 1 6(c), 4 21, 6 4, 10 1, 10 2(a), 10 2(d), 11 2, 11 3 and 11 4, subject to any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied

"**Exclusive Territory**" means _____

"**Franchise**" means the rights granted to you under this Agreement

"**Franchise Business**" means the instructional and educational exercise facility offering nutrition management and fitness training we authorize you to establish and operate under the Business System and under the terms of this Agreement

"**Franchise Disclosure Document**" or "**FDD**" means our current Franchise Disclosure Document and its Exhibits

"**Franchisee**" means the individuals or Business Entity signing this Agreement

"**Franchise Network**" means the group of Company-Owned Outlets and Franchise Outlets

"**Franchise Owner**" means any individual that owns an equity interests in the Business Entity signing this Agreement as Franchisee

"**Franchised Unit**" means a Franchise Business owned and operated under the Business System by a Franchisee

"**Generally Accepted Accounting Principles**" means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements The generally accepted accounting principles are derived, in order of importance, from (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants ("AICPA") Council, (ii) other AICPA issuances including AICPA Industry Guides, (iii) industry practice, and (iv) accounting literature in the form of books and articles

"**General Manager**" means you unless you hire another person to act as the General Manager

"**Gross Revenues**" means all revenue earned or received from the nutrition management and fitness services, performance of those services, and products in, at, upon, about, through or from the Franchise Business and every kind and nature related to the Franchise Business, whether for cash or credit and regardless of collection in the case of credit, including insurance proceeds and/or condemnation awards for loss of sales, profits or business, provided, however, that "Gross

Revenues" does not include revenues from any sales taxes or other add on taxes you collect from customers for transmittal to the appropriate taxing authority, the retail value of any complimentary services or trade-outs or credit card discounts from Gross Revenues up to a maximum of 2% of Gross Revenues in the aggregate, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Revenues

"**Guarantor**" means the person, persons or Business Entity that signs a Guaranty of Franchisee's Obligations as the Guarantor with us in the form attached as Exhibit H to the FDD for the purpose of guaranteeing to us and our Affiliates, and their respective successors and assigns, every obligation of the Franchisee to us and our Affiliates and their respective successors and assigns

"**HEW Intranet/HEW Operations Manual**" means all manuals produced by, or for the benefit of, us and any revisions prepared for your internal use involving the operation and management of the Franchise Business

"**Holidays**" mean New Year's Day, Easter, the 4th of July, Thanksgiving and Christmas

"**Initial Franchise Fee**" means the fee described in Subsection 3 1(a)

"**Initial Term**" means the term described in Section 16 1

"**Initial Training**" means the training described in Subsection 2 9(a)

"**Intellectual Property**" means the Principal Trademark, other Trademarks, Copyrights, Trade Dress, Patent, and the Confidential Information we or our Affiliates own that you are entitled to use under this Agreement as described in ITEMS 13 and 14 of the FDD

"**Lease Commencement Date**" means that date on which you lease begins

"**Lease Requirements**" means the provisions we require to be included in your lease of the Business Premises

"**Local Advertising**" means (i) advertising, promotion and marketing you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the Intellectual Property, (ii) advertising on public vehicles including cabs and buses, (iii) the cost of producing materials necessary to participate in these media, (iv) agency commissions on the production of the advertising, and (v) amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising where you are a member Local Advertising does not include (i) payments to the Brand Fund, (ii) payments for permanent on-premises signs (iii) purchasing or maintaining vehicles even though the vehicles display in some manner the Intellectual Property (except the cost of the materials displayed are included), (iv) contributions or sponsorships (unless the Intellectual Property are prominently displayed by the group or activity receiving the contribution or sponsorship) (v) premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included) (vi) employee incentive programs and (viii)

other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising

"**Media Rebates**" means the payments described in Subsection 7 5(d)

"**Mystery Shopper Fee**" means the fee described in Subsection 4 17(b)

"**Notice of Default**" means the notices described in Section 11 4

"**Opening Date**" means (i) the date your Franchise Business is first opened for business to the general public after being newly constructed, (ii) the date your Franchise Business is first opened for business to the general public as a Franchise Business after being converted to a Franchise Business from another restaurant concept where the business was shut down during the conversion period, or (iii) the Agreement Date where the existing restaurant is being converted to a Franchise Business without the operation being shut down, whichever is applicable

"**Payment System**" means the system created by you to make payments to us as described in Section 3 3

"**Premises**" means the leased property located at _____ or to be described in the Location Approval Addendum

"**Prevailing Party**" means a person that successfully brings or defends an action and, as a result, receives a favorable award or judgment

"**Principal Trademark**" means "Hard Exercise Works®" the name under which every Unit does business.

"**Renewal Franchise Agreement**" means our then-current form of Franchise Agreement for new Franchisees at the time you elect to renew the franchise relationship in accordance with Section 16 2

"**Renewal Term**" means the term of the Renewal Franchise Agreement signed at the time the parties renew the franchise relationship

"**Reserved Area**" means the area where you will undertake your location selection process to submit proposed locations for our approval in accordance with our locations approval process The Reserved Area will be _____or has been described in the Territory Reservation Agreement but excluding any exclusive territory of a Company-Owned Unit or another Franchised Unit within the Franchise Network who already has a Franchise Business under construction or in operation in the Reserved Area

"**Trade Dress**" means the distinctive exterior of the Franchise Business, the distinctive interior décor, distinctive uniforms worn by staff, as well as the many other items, which together form the overall look and feel of the Franchise Business and its products and services –or- the store design and image we developed and own for the Franchise Business as it may be revised and developed by us The Trade Dress currently emphasizes our colors (light blue, dark blue and green) throughout the Franchise Business and includes the following features a faith banner, wall ball targets, wall ball banner, HEW icon logo, and custom color rig

"**Trademarks**" means the service mark and logo "Hard Exercise Works®" and all other trademarks, service marks, trade names, logos and commercial symbols authorized by us as part of the Business System

"**Trainees**" mean the persons approved by us who attend Initial Training

"**Transfer Fee**" means the fee described in Subsection 3 1(e)

"**Unique Consideration**" means the consideration described in Subsection 10 5(c)

"**Unit**" means either a Company-Owned Unit or a Franchised Unit

"**Website**" means www hardexerciseworks com

"**You**" or "**Your**" means the person, persons or Business Entity that signs this Agreement as the Franchisee

"**Your Home Page**" means the page we allow on our Website describing your Franchise Business

SECTION 18 2 OTHER DEFINITIONAL PROVISIONS

(a) All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document, and

(b) The term "**person**" includes any corporation, limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind

ARTICLE 19 - GENERAL PROVISIONS

SECTION 19 1 AMENDMENTS

Except as stated in this Agreement including Sections 19 2 and 19 6, a party cannot amend, supplement or change the provisions of this Agreement except by an Amendment to Franchise Agreement signed by the parties Only our President has the authority to sign an Amendment to Franchise Agreement on our behalf

SECTION 19 2 MODIFICATION OF THE SYSTEM

YOU AGREE THAT AFTER THE AGREEMENT DATE WE MAY MODIFY THE SYSTEM UNDER THE TERMS OF THIS AGREEMENT YOU AGREE TO ABIDE BY ANY MODIFICATIONS IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME THE PARTIES SIGNED THIS AGREEMENT YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE SYSTEM, AS WE REQUIRE.

SECTION 19 3 BINDING EFFECT

The provisions of this Agreement binds; benefits and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns

SECTION 19 4 COMMUNICATIONS AND NOTICES

(a) **E-Mails** All electronic business correspondence by you, your Franchise Owners, the Designated Representative or a General Manager must be conducted through an approved [name@hardexerciseworks com] e-mail address This will be the sole e-mail address on your business cards, stationery, etc

(b) **Other Writings** All notices, requests, consents and other written communications required or permitted under this Agreement should be given by e-mail to the e-mail address below or to another e-mail address that one party provides to the other party except for those matters specifically required to be sent USPS, FedEx or UPS addressed to

If to us	With a copy to
HEW Franchising, LLC 661 Maplewood Drive Unit 18 Jupiter, FL 33458 Attn Matthew B Hunt, President E-Mail matt@hardexerciseworks com	Keith J Kanouse, Esquire Kanouse & Walker, P.A One Boca Place, Suite 324 Atrium 2255 Glades Road Boca Raton, FL 33431 E-Mail Keith@Kanouse com
If to you	With a copy to
_____ _____ _____ Attn _____ E-Mail _____@_____.com	_____ _____ _____ _____ E-Mail _____@_____ com

or to any other address a party designates by notice to the other party complying with the terms of this Section The receiving party will send an e-mail to the sending party acknowledging of receipt of the e-mail and any attachments The parties agree that each notice is deemed delivered on the date delivered by USPS, FedEx or UPS

SECTION 19 5 HEADINGS

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement

SECTION 19 6 SEVERABILITY

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term

only will be inapplicable and omitted to the extent so contrary, prohibited or invalid The parties agree that the remainder of this Agreement continues in full effect so far as possible If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable

(b) If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions

SECTION 19 7 WAIVERS

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances

SECTION 19 8 REMEDIES CUMULATIVE

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy

SECTION 19 9 EFFECTIVENESS, COUNTERPARTS

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office in Jupiter, Florida and our President signs this Agreement We advise you not to incur any expenses for opening your Franchise Business until you have received a final signed copy of this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same instrument. Confirmation of signing by sending the signature page by telecopy or e-mail binds any party to the confirmation

SECTION 19 10 SURVIVAL

The parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the transfer, expiration or termination of this Agreement until they are satisfied or by their nature expire

SECTION 19 11 FORCE MAJEURE

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, (b) compliance with any applicable law, or (c) war, terrorism, strikes, natural disaster or acts of God Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason

SECTION 19 12 THIRD PARTIES

Except as provided in this Agreement to the contrary for other Franchisees, nothing in this Agreement, whether express or implied, confers any rights or remedies under this Agreement on any person (including other Franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns Except as provided in this Agreement to the contrary for any Designee, nothing in this Agreement relieves or discharges the obligation or liability of any third person to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement

SECTION 19 13 INTERPRETATION

Each of the parties agree that he, she or it has have been or has had the opportunity to be represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other documents be construed against us

SECTION 19 14 ENTIRE AGREEMENT

This Agreement and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties No representations, inducements, promises or agreements, oral or otherwise, if any, not contained in this Agreement or all other written agreements concerning this Agreement and expressly referenced in this Agreement, are of any effect Nothing in this Agreement or in any related document is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you

IN WITNESS WHEREOF, the parties have duly signed this Agreement

WE, US, or OUR (Franchisor)

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR (Franchisee)

_____

EXHIBIT A – MAP OF EXCLUSIVE TERRITORY

EXHIBIT E – APPROVED LOCATION ADDENDUM TO FRANCHISE AGREEMENT

5/16/19

APPROVED LOCATION ADDENDUM TO HARD EXERCISE WORKS FRANCHISE AGREEMENT

THIS APPROVED LOCATION ADDENDUM is signed on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("we, "us" or "our") and _____ ("you" or "your")

BACKGROUND

A The parties have signed a Hard Exercise Works Franchise Agreement (the "Agreement") before you selected a location that we had approved for the Franchise Business

B You have now selected a location that we have approved and, under Section 1 2 of the Agreement, the parties are entering into this Addendum

The parties agree as follows

TERMS

1 You agree that you will operate the Franchise Business only at _____ (the "Premises")

2 Your Exclusive Territory is consists of an area designated on the Map attached as Exhibit A

3 Upon any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum supersede and control In all other respects, the parties ratify and confirm the terms of the Franchise Agreement

IN WITNESS WHEREOF, the parties have signed this Addendum

WE, US, or OUR (Franchisor)

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR (Franchisee)

_____

EXHIBIT A – RESERVED AREA

EXHIBIT F – STATE ADDENDA TO FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This California Addendum to Franchise Agreement is signed on _____, 2019 between HEW Franchising, LLC ("we," "us" or "our") and_____ ("you" or "your") to amend the Franchise Agreement as follows

1 There is added new Section 3 6 as follows

SECTION 3 6 SECURITY BOND

As security for our performance for our pre-opening obligations under the Franchise Agreement, we have obtained a surety bond from JW Surety Bonds (the Surety") in the amount of $49,500 (the "Surety Bond") for the benefit of the State of California and for the use of any franchisee who may have a cause of action against us under the provisions of the California Franchise Investment Law The Surety Bond is subject to the following provisions

(a) Any person who sustains an injury covered by the Surety Bond may, in addition to any other remedy that he, she or it may have, bring an action in his, her or its own name upon the Surety Bond for the recovery of any damage sustained by him, her or it

(b) The total aggregate liability of the Surety for all claims which may arise under the Surety Bond is limited to the payment of $49 500

(c) The Surety may cancel the Surety Bond and be relieved of further liability under the Surety Bond by delivering 30 days' written notice to the Commissioner of Business Oversight of the State of California however, such cancellation does not affect any liability incurred or accrued under the Surety Bond before the termination of the 30-day period

(d) The Surety Bond remains in force and effect until the Surety is released from liability by the Commissioner or until the Surety Bond is canceled by the Surety

2 **California Law**

The California Department of Business Oversight requires that certain provisions contained in the Franchise Agreement be amended to be consistent with California law, including the California Franchise Investment Law CAL BUS & PROF CODE Section 31000 *et seq* and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 *et seq* To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows

(a) **Nonrenewal and Termination**

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise The Federal Bankruptcy Code also provides rights to you concerning termination of the Franchise Agreement upon the occurrence of certain bankruptcy-related events If the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control

(b) **Franchise Termination and Release Agreements**

You must sign a Franchise Termination and Release Agreement if you renew or transfer your franchise California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516) Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043)

(c) **Liquidated Damages**

If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damages clauses may be unenforceable

(d) **Covenants Not to Compete**

If the Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement, the covenant may be unenforceable under California law

(e) **Venue**

If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law

(f) **Governing Law**

If the Franchise Agreement requires that it be governed by a state's law other than the State of California, the requirement may be unenforceable

(g) **Arbitration**

The Franchise Agreement requires binding arbitration The arbitration will occur at Palm Beach County, Florida with the costs being born by the non-prevailing party Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

3 **Alternate Channels of Distribution**

The Franchisor reserves the right to establish alternatives channels of distribution within the Franchisee's Exclusive Territory without compensation

IN WITNESS WHEREOF, the parties have signed and delivered this Addendum on the day and year first written

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, 2019 between HEW Franchising, LLC (we," "us," or "our") and _____ ("you" or "your")

The Illinois Attorney's General's Office requires that certain provisions contained in the Franchise Agreement be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill Comp Stat Ch 815 ¶¶ 705/1 - 705/44 (1994) (the "Act") To the extent that the Franchise Agreement contains provisions that are inconsistent with the Act, the provisions are amended

1 Section 3 1(a) of the Franchise Agreement is amended as follows

(a) **Initial Franchise Fee.** You must pay to us an Initial Franchise Fee of $____ The Initial Franchise Fee will be deferred and is not payable to us until we have complied with all of our pre-opening obligations to you under this Agreement and you have begun doing business The Initial Franchise Fee is uniform as to all Franchisees currently purchasing a Franchise

2 Sections 19 and 20 of the Act provide rights to you concerning nonrenewal and termination of the Franchise Agreement If this provision contains a provision that is inconsistent with the Act, the Act will control

3 If you must sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, the release excludes claims arising under the Act, and any acknowledgments are void as to claims under the Act and are deleted

4 Section 41 of the Act provides that any condition, stipulation, or provision requiring any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void

5 Section 17 5, **Jurisdiction and Venue**, is amended to add the following paragraph

Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void as to any cause of action that otherwise is enforceable in this State, except that a franchise agreement may provide for arbitration in a forum outside of this State

6 Section 17 7, **Governing Law**, is amended to add the following paragraph

Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act The Franchise Agreement will be interpreted and construed under the laws of the State of Illinois

7 Section 17 9, **Limitation of Claims**, is amended in its entirety to read as follows

No action will be maintained under Section 26 of the Illinois Franchise Disclosure Act to enforce any liability created by the Act unless brought before the expiration of 3

years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever first expires No cause of action barred under existing law on the effective date of the Act is revived by this Act Every cause of action under the Act survives the death of any person who might have been a plaintiff or defendant

8 This Amendment is effective only to the extent that the jurisdictional requirements of the Act are met independent of this Amendment This Amendment has no force and effect if the jurisdictional requirements are not met

In witness whereof, each of the undersigned acknowledges having read this Addendum, understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is agreed to on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("we," "us," or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows

1 Subsection 10 2(f)(iv), **TRANSFER BY YOU**, is amended to provide that the Franchise Termination and Release Agreement does not apply to any liability under the Maryland Franchise Registration and Disclosure Law

2 Section 15 1, **NO RELIANCE**, is amended to add

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

3 Section 15 3 **RECEIPT OF FDD**, is amended to add

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Section 15 4 **ACKNOWLEDGMENT OF RISK**, is amended to add

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

5 Subsection 16 2(a)(vii), **RENEWAL**, is amended to provide that the Franchise Termination and Release Agreement does not apply to any liability under the Maryland Franchise Registration and Disclosure Law

6 Section 17 4, **JURISDICTION AND VENUE**, is amended to add the following paragraph

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

7 Section 17 6, **Governing Law**, is amended to add the following sentence

Any claims under the Maryland Franchise Registration and Disclosure Law may be brought in Maryland within 3 years after the grant of the franchise

8 Section 19 3, **ENTIRE AGREEMENT**, is amended to add the following sentence

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release,

estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

In witness whereof, each of the undersigned acknowledges having read this Addendum, understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR·

_____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is signed on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("us" 'we" and "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows

1 The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in the Franchise Agreement be amended to be consistent with the Minnesota Franchise Act, Minn Stat §§ 80 01 *et seq*,(the "Minnesota Franchise Act") and of the Rules and Regulations promulgated under the Minnesota Franchise Act To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, the provisions are amended

(a) 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) the franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

(b) 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 franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld

(c) 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

(d) 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)

(e) Minnesota Rules 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a Franchise Termination and Release Agreement

(f) 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

(g) The Limitations of Claims section must comply with Minnesota Statutes, Section 80C 17, Subd 5

2 Each provision of this Amendment is effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment This Amendment has no force or effect if the jurisdictional requirements are not independently met

In witness whereof, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is agreed on _____, 2019 between HEW Franchising, LLC ("we" "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows

1 **New York Law Modifications**

The New York Department of Law requires that certain provisions contained in the Franchise Agreement be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989) To the extent that the Franchise Agreement contains provisions that are inconsistent with the following provisions those provisions are amended as follows

(a) **Release of Claims**

If you are required in the Franchise Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, representation or action that would violate the General Business-Law, regulation, rule or order under the Law, the release must exclude claims arising under the New York General Business Law, Article 33, Sections 680 through 695 and its regulations, and any acknowledgments are void It is the intent of this provision that the non-waiver provisions of Sections 687 4 and 687 5 of the General Business Law be satisfied

(b) **Governing Law**

If the Franchise Agreement requires that it be governed by a state's law other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695

2 **Jurisdictional Requirements**

Each provision of this Amendment is effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Amendment This Amendment has no force or effect if the jurisdictional requirements are not independently met

IN WITNESS WHEREOF, the parties have signed and delivered this Amendment on the day and year first written

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is signed on _____, 2019 between HEW Franchising, LLC ("we" "us" or "our") and _____ ("you" or "your")

1 The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993) To the extent that the Franchise Agreement contains provisions that are inconsistent with the following provisions are amended

(a) If you are required in the Franchise Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, the release excludes claims arising under the North Dakota Franchise Investment Law, and any acknowledgments are void as to claims under the Law

(b) Covenants not to compete during the term or upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota law If the Franchise Agreement contains a covenant not to compete, which is inconsistent with North Dakota law, the covenant may be unenforceable

(c) If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void as to any claims under the North Dakota Franchise Investment Law

(d) If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that the law conflicts with the North Dakota Franchise Investment Law, the North Dakota Law will control

(e) If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon before the arbitration or if the parties cannot agree on a location, the arbitrator will determine the location

(f) If the Franchise Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law

(g) Any provision in the Franchise Agreement which requires you to consent to a waiver of exemplary and punitive damages will not apply to any claims brought under the under the North Dakota Franchise Investment Law

2 Each provision of this Amendment is effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law as to each provision are met independent of this Addendum A provision has no force or effect if the jurisdictional requirements are not met independent of this Addendum If this Addendum is inconsistent with any terms of the Franchise Agreement, the terms of this Addendum govern

IN WITNESS WHEREOF, each of the undersigned acknowledges having read this Addendum, understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("we" "us" or "our") and _____ ("you" or "your")

1 The Rhode Island Securities Division requires that certain provisions contained in the Franchise Agreement be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R I Gen Law Ch 395 Sec 19-28 1-1 to 19-28 1-34 (the "Act") To the extent that the Franchise Agreement contains provisions that are inconsistent with the Act, the provisions are amended

(a) **Venue**

If the Franchise Agreement requires litigation or arbitration to be conducted in a forum other than the State of Rhode Island, the requirement is void under the Act

(b) **Governing Law**

If the Franchise Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that this law conflicts with the Act, the Act will control

(c) **Release of Claims**

If you are required in the Franchise Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, the release exclude claims arising under the Act, and the acknowledgments are void as to claims under the Act

2 Each provision of this Amendment is effective only to the extent that the jurisdictional requirements of the Acts applicable to the provision are met independent of this Amendment This Amendment has no force or effect if the jurisdictional requirements are not independently met

In witness whereof, each of the undersigned acknowledges having read this Addendum, understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is signed on _____, 2019 between HEW Franchising, LLC ("we" "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows

1 Section 17 6 is amended to read as follows

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C §§ 1051 *et seq*), this Agreement and any other agreement involving this Agreement and all transactions contemplated by this Agreement and any other agreement involving this Agreement shall be governed by, and construed and enforced in accordance with the Virginia Retail Franchising Act, without giving effect to its choice of law or conflicts of law

IN WITNESS WHEREOF, each of the undersigned acknowledges having read this Addendum, understands and consents to be bound all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement is signed on _____, 2019 between HEW Franchising, LLC ("we" "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows

1 The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal rights of your Franchise There may also be court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal by us

2 In any arbitration involving a franchise purchased in Washington, the arbitration location must be either in the State of Washington, or in a place mutually agreed upon when the dispute arises, or as determined by the arbitrator

3 Upon a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW prevails

4 A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when signed as part of a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act including the right to a jury trial may not be enforceable

5 Transfer fees are collectable to the extent that they may reflect our reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, each of the undersigned acknowledges having read this Addendum understands and consents to be bound by all of its terms

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew B Hunt, President

YOU or YOUR

_____

EXHIBIT G – AUTHORIZATION AGREEMENT FOR DIRECT WITHDRAWALS (ACH DEBITS)

5/16/19

AUTHORIZATION AGREEMENT FOR DIRECT WITHDRAWALS
(ACH DEBITS)

I (we) hereby authorize HEW Franchising, LLC, hereinafter called COMPANY, to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any credit entries in error to my (our) Checking account at the depository financial institution, hereinafter called DEPOSITORY, and to credit the same to such account I (we) understand that we will receive notification of such debits to our account if we provide a direct fax number or e-mail address below, or otherwise it shall be by ordinary mail I (we) agree to reimburse the COMPANY for all costs or expenses it may incur if we do not have sufficient funds in the account on the date of the scheduled debit or on any future attempted debit of that amount I (we) understand that our failure to have such necessary funds in the account on the scheduled due date is evidence of non-payment, and that the COMPANY may proceed to take any action it deems necessary to collect a debt due to our failure to pay or to have such sufficient funds on account for payment of the debt

DEPOSITORY NAME _____

CITY _____ STATE _____

ROUTING NO _____ ACCOUNT NO _____

**Attach a voided check for verification

I understand that this is a continuing authorization for the COMPANY to initiate debit transactions to my account listed above upon my written or verbal authorization This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it

Franchise Company Name _____

Authorized Signer(s)

_____ or _____
Signer 1 Signer 2

_____ _____
Printed Name Printed Name

Date _____ Fax No _____

E-mail Address _____

EXHIBIT H – GUARANTY OF FRANCHISEE'S OBLIGATIONS

5/16/19

GUARANTY OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY OF FRANCHISEE'S OBLIGATIONS (this "Guaranty") is signed on _____, 2019 by _____ (the "Guarantor")

INTRODUCTION

A HEW Franchising, LLC, a Florida limited liability company (the "Franchisor") is granting to _____ (the "Franchisee") a Hard Exercise Works Franchise

B The Guarantor represents and warrants to the Franchisor that it, he or she will benefit by the grant to the Franchisee of the Franchise

C The Franchisor has declined to enter into the Hard Exercise Works Franchise Agreement and other agreements (collectively, the "Agreements") with the Franchisee unless the Guarantor signs and delivers this Guaranty to the Franchisor

TERMS

The Guarantor agrees for the benefit of the Franchisor and its affiliates as follows

1 **Guaranteed Obligations** The Guarantor absolutely and unconditionally, guarantees to the Franchisor and its affiliates, and their respective successors and assigns, for the respective terms of the Agreements and thereafter as provided in the Agreements, that the Franchisee will punctually pay and perform every obligation stated in the Agreements and agrees to be personally bound by, and personally liable for the breach of, every term of the Agreements, together with charges, fees and all expenses including attorneys' fees and costs incurred in enforcing the terms of the Franchise Agreement or this Guaranty through litigation, arbitration, appellate, bankruptcy and post-judgment proceedings (the "Guaranteed Obligations")

2 **Incorporationity of Terms** The terms of the Agreements are incorporated in this Guaranty as if stated in full, including the covenants stated in ARTICLE 13 and the dispute resolutions provisions stated in ARTICLE 17 of the Franchise Agreement by which the Guarantor agrees to be bound The Guarantor has had an opportunity to read, and to receive advice by its, his or her counsel of, the terms of the Agreements and the Franchisor's Franchise Disclosure Document

3 **Guaranty Absolute and Irrevocable** The obligation of the Guarantor is absolute and unconditional irrespective of the validity or enforceability of any of the Agreements This is an irrevocable and continuing guaranty This Guaranty covers and secures any amount at any time owing on the Guaranteed Obligations and remains in full effect until all Guaranteed Obligations have been satisfied and all amounts due have been paid in full to the Franchisor or its affiliates The Guarantor waives the benefit of any circumstance, defense or statute of limitations affecting his liability that might otherwise discharge a guarantor or hinder prompt enforcement of this

Guaranty The Guarantor irrevocably waives any requirement that the Franchisor must proceed against or exhaust any collateral or security that the Franchisor may now hold or obtain for any of the Guaranteed Obligations before collecting from the Guarantor The Franchisor is under no obligation to keep the Guarantor informed of the Franchisee's financial condition

4 **Payment.** If the Franchisee fails to make any payment when due or otherwise defaults under the terms of any of the Guaranteed Obligations, the Guarantor will pay to the Franchisor immediately upon demand the full amount of the Guaranteed Obligations then due (by acceleration or otherwise), in immediately available funds All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of the Guarantor except the defense that the Franchisee has paid in full all Guaranteed Obligations

5 **Enforcement.** In any proceeding under this Guaranty, the Franchisor may act against the Guarantor separately, or against 2 or more Guarantors jointly, or against some separately and some jointly In any action or proceeding to enforce this Guaranty against the Guarantor, the Franchisor is not required to join the Franchisee, or any other Guarantor, unless it elects to do so in its sole discretion

6 **Waiver** The Guarantor irrevocably waives notice of the extension of any Guaranteed Obligation, or of the acceptance of this Guaranty, and protest, presentment, diligence, demand for payment, notice of default, nonpayment or dishonor of any Guaranteed Obligation, and any other notice except as expressly provided in this Guaranty

7 **Consent to Certain Actions** Without in any way affecting or impairing the liability of the Guarantor and, without notice to or additional consent from the Guarantor

(a) the Guaranteed Obligations may be renewed, extended, modified (in time for payment or the terms of indebtedness or otherwise), compromised, settled, released or discharged by the Franchisor, whether by agreement with the Franchisee or under any insolvency, bankruptcy or similar proceeding,

(b) any security or collateral for the Guaranteed Obligations may be assigned, exchanged, sold, released or surrendered by the Franchisor, and the Franchisor may abstain from perfecting its security interest in any security or collateral, or from taking upon new security or collateral,

(c) the Franchisor may exercise or refrain from exercising any right against the Franchisee or any other person or entity,

(d) the Franchisor has sole discretion to apply any payments received by the Franchisee or any Guarantor to the Franchisee's past due indebtedness including Royalty Fees, E-Mail/Home Page Fees, Advertising Contributions, purchases from the Franchisor or its Affiliates, interest, NSF charges, or any other indebtedness of the Franchisee to the Franchisor, its affiliates, lessor, vendor, taxing authority or third party creditor, in any manner the Franchisor chooses regardless of the Franchisee's designation,

(e) the Franchisor may consent to or waive any breach of, or any act, omission or default of, the Guaranteed Obligations, and

(f) the Franchisor may agree to any amendment to or modification of, any of the Agreements, applicable to the Guaranteed Obligations

The Franchisor has no duties to the Guarantor except as expressly provided in this Guaranty

8 **Continuing Guarantee** The guarantee of the Guarantor under this Guaranty continues to be effective, or is reinstated, as the case may be, if at any time any payment to the Franchisor of the Guaranteed Obligations is rescinded or must otherwise be returned for any reason, including the insolvency, bankruptcy or reorganization of the person or entity making the payment, all as though the payment had not been made

9 **Successors and Assigns** The Guarantor cannot delegate any of his, her or its obligations under this Guaranty This Guaranty is binding upon the heirs, personal representatives, successors and assigns of the Guarantor, and inures to the benefit of the Franchisor, its affiliates, and their respective successors and assigns The Franchisor may at any time, without notice to the Guarantor, transfer or assign to any person or entity any of the Guaranteed Obligations, or any interest in the Guaranteed Obligations In this event, the assignee or transferee of the Guaranteed Obligations, or any interest in the Guaranteed Obligations is, to the extent of its interest, is entitled to the benefits of this Guaranty to the same extent as if the assignee or transferee were the Franchisor

10 **Representations and Warranties** The Guarantor represents as follows

(a) The Guarantor has the capacity to enter into, perform and deliver this Guaranty,

(b) This Guaranty is the legal, valid, binding and enforceable obligations of the Guarantor,

(c) There is no litigation or governmental proceeding pending or threatened against the Guarantor, nor has there occurred any event, nor does there exist any condition, on the basis of which any litigation or proceeding might be begun, which litigation or proceeding, if adversely determined, could have a material adverse effect on the respective properties, operations, assets, condition (financial, business, labor or otherwise) or prospects of the Guarantor,

(d) The Guarantor has independent means of obtaining reports and financial information about the Franchisee and the Franchisor has no obligation, either before the signing of this Guaranty or any time thereafter, to notify the Guarantor concerning the Franchisee's financial condition or of any event or occurrence affecting the Franchisee's financial condition or business operation, and

(e) Any financial statements previously delivered by the Guarantor to the Franchisor were true and correct in all respects as of the date delivered At any time this Guaranty is in effect, Guarantor will, upon 7-days prior written notice from the Franchisor, provide the Franchisor with a current financial statement and such other financial information as the Franchisor may reasonably request (including copies of Guarantor's filed federal and state income tax returns for the most recent taxable year) The Franchisor agrees to keep confidential and not use such financial statements and information, except in connection with the administration or enforcement of the Franchise Agreement or this Guaranty The financial statements must be prepared in accordance with generally accepted accounting principles

11 **Notices** Any notice or demand required or permitted to be given under this Guaranty to the Guarantor must be in writing and must be either (a) personally delivered, or (b) by FedEx or UPS to the following address for the Guarantor

_____

_____

12 **Subordination and Subrogation** Until the Guaranteed Obligations are paid in full, the Guarantor subordinates and assigns all direct or indirect claims and rights that he, she or it may have against the Franchisee, now existing or later arising, to all claims by the Franchisor for amounts owing from the Franchisee to the Franchisor or its affiliates for the Guaranteed Obligations

13 **Miscellaneous** This Guaranty contains the entire agreement of the Guarantor and is not subject to any oral conditions Time is of the essence for the terms of this Guaranty This Guaranty cannot be changed or modified orally Upon request from the Franchisor, the Guarantor will provide to the Franchisor all information regarding his, her or its financial condition and business operations as the Franchisor requests including personal financial statements This Guaranty is deemed and treated as being drafted jointly by the Guarantor and the Franchisor No term of this Guaranty is construed more strictly against the Guarantor or the Franchisor because the Franchisor, or its counsel, was responsible for the physical preparation of this Guaranty

IN WITNESS WHEREOF, the Guarantor signed this Guaranty on the date stated above

_____

EXHIBIT I – AGREEMENT WITH LANDLORD

5/16/19

AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on _____, 2019 among HEW Franchising, LLC (the "Franchisor"), _____ (the "Landlord") and _____ (the "Tenant/Franchisee")

BACKGROUND

A The Tenant/Franchisee is a franchisee of the Franchisor under a Hard Exercise Works Franchise Agreement between the Franchisor and the Tenant/Franchisee dated _____, 2019 (the "Franchise Agreement") for the operation of a Hard Exercise Works Franchise (the "Franchise Business")

B The Landlord and the Tenant/Franchisee are parties to a Lease Agreement dated _____, 2019 (the "Lease") for the premises located at _____ (the "Premises") that the Franchisor has approved on condition that all the parties sign this Agreement.

C In order to assure that a Franchise Business may continue to operate at the Premises, the Landlord grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

The parties agree as follows

TERMS

1 **Signage** The Landlord agrees to the Franchisor's signage requirements for the Tenant/Franchisee, subject to local signage ordinances and approval by local governmental agencies, if necessary

2 **Use of Premises** The Landlord and the Tenant/Franchisee agree that the Tenant/Franchisee may only use the Premises for the operation of the Franchised Business, unless the Franchisor otherwise approves in writing The Landlord acknowledges that this use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant of the Landlord in the building/center or adjacent outparcel owned by the Landlord in which the Premises are located The Landlord further acknowledges that during the term of the Lease or any extension of the Lease, the Landlord will not lease space within the building/center or outparcel to a business similar to the Franchised Business, or permit an existing tenant to offer products that compete with the Franchised Business Competitive business means any business that operates, or franchises or licenses others to operate, an instructional and educational exercise facility that offers nutrition management and fitness training

3 **Tenant Information, Notices of Default**. The Landlord will send to the Franchisor at

the address set forth below by regular U S mail copies of all sales reports, financial information, correspondence and other communications sent by the Landlord to the Tenant/Franchisee or sent by the Tenant/Franchisee to the Landlord The Landlord will overnight to the Franchisor at the address below by USPS, FedEx or UPS copies of all written notices of default sent by the Landlord to the Tenant/Franchisee The Landlord acknowledges that the Franchisor is not responsible for any actions of the Tenant/Franchisee or any of its employees, agents, suppliers or customers

HEW Franchising, LLC
661 Maplewood Drive, Unit 18
Jupiter, Florida 33458
Attn Matthew Hunt, President

4 **Right to Cure and Take Occupancy**

(a) If the Tenant/Franchisee defaults under the Lease, the Franchisor may (but is under no obligation to), within 30 days after receipt of written notice from the Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and the Franchisor is diligently proceeding to cure the default) If the Franchisor cures the Tenant/Franchisee's default, the Franchisor has the right to occupy the Premises and operate the Franchised Business The Tenant/Franchisee is deemed to have assigned the Lease to the Franchisor, but the Tenant/Franchisee and any guarantors are not released from their obligations under the Lease From and after the deemed assignment, the Franchisor will assume and perform all of the obligations of the Tenant/Franchisee under the Lease until the Franchisor is released in accordance with Subsection 4(b)

(b) The Franchisor may assign the Lease to another Hard Exercise Works Franchisee with the Landlord's written approval of the new tenant/franchisee The Landlord will not unreasonably withhold, delay or condition its approval of the new tenant/franchisee Upon the permitted assignment by the Franchisor to the new tenant/franchisee, the Franchisor is released from all further obligations under the Lease

5 **Franchisor's Rights Upon Termination or Expiration of Franchise Agreement.** The Landlord acknowledges that any landlord's lien or security interest does not include any property of the Tenant/Franchisee that includes any items bearing the Franchisor's trademarks including the signage and proprietary trade dress If the Franchisor does not take occupancy of the Premises and does not assume the Lease, the Landlord agrees to the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises solely for the purposes of taking all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other items bearing the Proprietary Marks of the Franchisor (without damage to the Premises)

6 **Modification of Lease.** The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's written consent, which consent the Franchisor will not unreasonably withhold, delay or condition

7 **Noncompetition** If the Franchisor does not take over the Lease upon the termination or expiration of the Franchise Agreement and the Tenant/Franchisee remains in

possession of the Premises, the Landlord and the Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for any business that operates, or franchises or licenses others to operate, an instructional and educational exercise facility that offers nutrition management and fitness training

8 **Landlord's Statutory Lien or Security Interest** The Landlord subordinates its statutory lien or security interest in the Tenant's property to the security interest of the Franchisor The Landlord will further cooperate in signing all required documents to recognize the subordination

9 **Non-Disturbance Agreement**. The Landlord will use its best efforts to obtain a non-disturbance agreement from Landlord's existing mortgagee

10 **Attorneys' Fees.** If a party institutes any action to enforce any provision of this Agreement, the prevailing party is entitled to recover all attorneys' fees and costs incurred in connection with the action from the non-prevailing party

11 **Governing Law, Venue** This Agreement is governed by and construed in accordance with the laws of the state in which the Premises are located Venue will be in the county in which the Premises are located

12 **Conflict**. Upon any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls

13 **Binding Effect**. This Agreement is binding upon the personal representatives, heirs, successors and assigns of the parties

IN WITNESS WHEREOF, this Agreement has been signed the date and year first above written

FRANCHISOR

HEW Franchising, LLC

By _____
Matthew Hunt, President

LANDLORD

_____

By _____
Its

TENANT/FRANCHISEE

_____

EXHIBIT J – TELEPHONE NUMBER AND DIRECTORY ADVERTISING ASSIGNMENT AGREEMENT

5/16/19

TELEPHONE NUMBER AND DIRECTORY ADVERTISING
ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is signed on _____, 2019, between HEW Franchising, LLC, a Florida limited liability company ("we," "us" or "our") and _____ ("you" or "your")

BACKGROUND

A The parties have entered into a Hard Exercise Works Franchise Agreement on _____, 2019 (the "Franchise Agreement")

B As a condition to signing the Franchise Agreement, we have required that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, and telephone directory advertisements relating to the Hard Exercise Works Franchise (the "Franchise Business") upon the expiration or termination of the Franchise Agreement

The parties agree as follows

TERMS

1 **Assignment** In order to secure continuity and stability of our operation of the Franchise Business, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, facsimile numbers, telephone listings and telephone directory advertisements, whether on the Internet or in print, pursuant to which you operate your Franchise Business in accordance with the terms of the Franchise Agreement without further action on your part

2 **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing

3 **Your Representation and Warranties** You represent, warrant and covenant to us that

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment

4 **Other Documents** You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective

5 **Miscellaneous** The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located (currently, Florida) All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement All our rights inure to our benefit and to the benefit of our successors and assigns

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

YOU or YOUR

_____

WE, US, or OUR

HEW Franchising, LLC

By _____
Matthew Hunt, President

EXHIBIT K – SOFTWARE SUBLICENSE AGREEMENT

5/16/19

SOFTWARE SUBLICENSE AGREEMENT

THIS SOFTWARE SUBLICENSE AGREEMENT ("Agreement") is signed on _____, 2019 between HEW Franchising, LLC, a Florida limited liability company ("we," "us" and "our") and _____ ("you" or "your")

1 **General** This Agreement is being entered into pursuant to Section 2 14 of the Hard Exercise Works Franchise Agreement between the parties dated the same date as this Agreement (the "Franchise Agreement") All capitalized terms used in this Agreement have the same definitions as set forth in ARTICLE 19 of the Franchise Agreement, unless otherwise expressly defined in this Agreement

2 **Grant of Sublicense** Subject to the terms of this Agreement, we agree to (a) furnish the MindBody®, Constant Contact®, Waiver King®, Rallio® and Qvinci® and Rockbot®Software (collectively, the Software) to you, (b) furnish Related Materials including any printed material not consisting of Software programs, like Software user instructions in support of the Software (the "Related Materials"), (c) grant you a nontransferable and nonexclusive sublicense to use the Software and Related Materials, and (d) provide Software maintenance, all as described in this Agreement Software does not include any source code

3 **Terms of Use** The Software (including any changes to the Software made by Mindbody, Inc, Constant Contact, Inc, Waiver King, Inc, Socialwise, Inc d/b/a Rallio, Qvinci and Rockbot Software, LLC) may be used by you only in connection with the operation of the Franchise Business MindBody, Inc, Constant Contact, Inc, Waiver King, Inc, Socialwise, Inc d/b/a Rallio, Qvinci Software, LLC and Rockbot retain the title and full ownership rights to their respective Software You may not enhance or modify the Software in any manner without our written consent The rights granted under this Agreement authorize you to utilize the Related Materials in printed form, in support of your use of the Software in machine readable form You will maintain no more than 1 copy of the Software at any time except with our written consent

4 **Technology Fee** The Technology Fee for the use of the MindBody, Constant Contact, Waiver King, Rallio and Qvinci Software is $325 per month payable on the 1st of each month The Technology Fee is subject to change upon 30 days' written notice from us

5 **Taxes** You will declare and pay when due all assessments, charges and taxes, including sales, use, excise and property taxes, and penalties and interest with respect to this Agreement, imposed in connection with this Agreement, if any, excluding, however, any taxes based on or measured solely by our net income

6 **Technical Services, Updates and Enhancements** During the Term, we will, from time to time, as we deem necessary, forward to you any technical bulletins and updated user guides, and supply you with updates and enhancements You are responsible for the costs of postage, insurance and handling In addition, if we determine that the Software update or enhancement

significantly improves the function or performance of the Software you use, and you elect to or are required to obtain the update or enhancement, you will be required to pay a reasonable fee as we specify

7 **Warranties** We warrant that the Software will be free of defects in materials and perform the functions we specify in writing in applicable user manuals or as otherwise provided in writing We do not warrant that the functions contained in the Software will meet all of your requirements or will operate with hardware we have not approved, or that the operations will be uninterrupted or error free or that all program defects, if any will be corrected **EXCEPT AS PROVIDED IN THIS SECTION, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SOFTWARE AND SERVICES FURNISHED UNDER THIS AGREEMENT, AND EXPRESSLY DISCLAIMS THEM**

8 **Termination** The license granted under this Agreement for the Software terminates at the expiration or termination of the Franchise Agreement, or as otherwise provided in this Agreement Upon expiration or termination of this Agreement, you will immediately deliver to us all Software This requirement will apply to all copies in any form including translations, compilations or partial copies within modifications, derivative works, and updated works, whether partial or complete, and whether modified or merged into other programs or materials (collectively, the "Modifications")

9 **Hardware** It is your obligation to obtain the computer hardware required for the operation of the Software

10 **Confidentiality** Without limiting any of your other confidentiality requirements under the Franchise Agreement, you agree not to provide or otherwise make available any portion of the Software, including documentation and machine readable code, in any form to any person other than you or your employees without our prior written consent You will not reverse assemble or reverse compile the Software in whole or in part. You may not copy the Software in any manner without our prior written consent The Software is our proprietary information and trade secrets whether any portion is or may be validly copyrighted or patented The Software will be treated by you as proprietary information and trade secrets We may enforce independently all our rights under this Agreement against you In order to protect our trade secrets and copyright notices with respect to the Software, you agree to reproduce or incorporate our trade secret and copyright notices, if any, in any copies, modifications or partial copies of the Software

11 **Assignment** Without our prior written consent and only in connection with a permitted transfer or sale of the Hard Exercise Works Franchise, you will not (a) assign, transfer, or grant a security interest in this Agreement, the Software or any part of the Software or any interest in the Software, (b) sublicense or lend the Software or any part of the Software, or any interest in the Software, (c) permit the Software or any part of the Software to be used by anyone other than by you and your employees, or (d) change the location of the Software We may assign or otherwise transfer all or a portion of our respective interests in the Software or this Agreement You (i) consent to our assignment or transfer, (ii) agree to sign and deliver promptly any further acknowledgements, agreements and other instruments as may be reasonably requested by our assignee or transferee (the "Transferee") to effect the assignment or transfer, and (iii) agree to comply fully with the terms of any assignment or transfer Upon an assignment or transfer, we will notify you and thereafter all references to us includes the Transferee, provided, however, that the Transferee will not be obligated

to perform our obligations under this Agreement unless the Transferee expressly agrees in writing to do so

12 **Limitation of Liability** Our entire liability and your exclusive remedy are as follows

(a) In all situations involving performance or nonperformance of the Software or services furnished under this Agreement, provided you have paid all amounts due pursuant to the applicable Schedule, your remedies are

(i) the correction by us of the Defects (as defined later in this Agreement), or

(ii) if, after repeated efforts, we are unable to correct the Defects, you are entitled to recover actual damages from us up to the limits set forth in this Section, and

(b) For any other claim concerning performance or nonperformance by us pursuant to, or in any other way related to, the subject matter of this Agreement, you are entitled to recover actual damages up to the limits set forth in this Section

(c) Our liability for damages to you for any cause whatsoever, and regardless of the form of action, whether in contract or in tort including negligence, is limited to the amount of the charge set forth on any Schedule to this Agreement which is paid for use of the Software, or for the services provided by or on our behalf that caused the damages or that is the subject matter of, or is directly related to the cause of action **IN NO EVENT WILL WE BE LIABLE FOR ANY DAMAGES CAUSED BY YOUR FAILURE TO PERFORM YOUR RESPONSIBILITIES OR FOR ANY LOST PROFITS, LOST SAVINGS OR OTHER CONSEQUENTIAL DAMAGES, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF THESE DAMAGES, OR FOR ANY CLAIM AGAINST YOU BY ANY OTHER PARTY**

(d) Our liability for any payments under this Section is contingent upon your delivery to us of a disk containing a copy of the defective Software from which we are able to reproduce the reported defect If we verify the reported defect (the "Defect"), at our request, you will immediately return to us the defective Software and all Modifications, if any If any reported Defect is found to be caused by your negligence, error, mistake or modification, by the data you supply, equipment or operator failure, or by any other cause not inherent to the Software we furnish, we reserve the right to charge you for time and materials, if any, incurred by us or on our behalf in connection with responding to the reported Defect

13 **Default**. Any default under the Franchise Agreement or other agreement between the parties is deemed a default under this Agreement

14 **Remedies** Upon any default under this Agreement, we may, by written notice to you, terminate this Agreement This remedy is not exclusive, but is cumulative and in addition to any other remedy referred to in this Agreement or otherwise available to either party

15 **Schedules** The Schedules are considered incorporated by reference and deemed a part of this Agreement. No Schedule is effective until properly signed by the parties

16 **Incorporation Into Franchise Agreement**. This Agreement is deemed incorporated into and made a part of the Franchise Agreement including its Dispute Resolution provisions

IN WITNESS WHEREOF, the parties have signed this Agreement as of the day and year first above written

FRANCHISOR

HEW Franchising, LLC

By _____
Matthew Hunt, President

FRANCHISEE

_____

EXHIBIT L – FRANCHISEE CLOSING QUESTIONNAIRE

5/16/19

FRANCHISEE CLOSING QUESTIONNAIRE

HEW Franchising, LLC, a Florida limited liability company ("we" "us" or "our") and _____ ("you or "your") are preparing to enter into a Hard Exercise Works Franchise Agreement (the "Franchise Agreement) for the establishment and operation of a Hard Exercise Works Franchise Business The purpose of this Questionnaire is to determine whether any person made statements or promises to you that we have not authorized, that are not contained in our Franchise Disclosure Document and Exhibits (the "FDD") including the Franchise Agreement, and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question No representations require you to assent to a release, estoppel or waiver of any liability acts as a release, estoppel or waiver of any liability incurred under state franchise laws including the Maryland Franchise Registration and Disclosure Law

1 How did you first find out about our franchise opportunity?

_____

_____

2 When was this? _____

3 Have you received and personally reviewed the FDD provided to you?

Yes ☐ No ☐

4 Did you sign a receipt for the FDD indicating the date you received it?

Yes ☐ No ☐

5 Have you had the FDD for at least 14 days?

Yes ☐ No ☐

6 Do you understand all of the information contained in the Franchise Disclosure Document and any state-specific Addendum to the FDD?

Yes ☐ No ☐

7 If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____

_____

8 Have you discussed the benefits and risks of establishing and operating a Hard Exercise Works Franchise with an attorney, accountant, or other professional advisor?

Yes ☐ No ☐

9 If yes, please identify and provide name, address and phone number

_____

_____

_____

10 Do you understand that the success or failure of your Hard Exercise Works Franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ☐ No ☐

11 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchise Business operated by us or our Hard Exercise Works Franchisees other than is contained in ITEM 19 of the FDD?

Yes ☐ No ☐

12 Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating the Hard Exercise Works Franchise other than is contained in ITEM 19 of the FDD?

?

Yes ☐ No ☐

13 Has any employee or other person speaking on behalf of the Franchisor made any statements or promise concerning the total amount of revenue the Franchise Business will generate other than is contained in ITEM 19 of the FDD?

Yes ☐ No ☐

14 Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating the Franchise Business that is contrary to or different from, the information contained in ITEM 19 of the FDD?

Yes ☐ No ☐

15 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchise Business?

Yes ☐ No ☐

16 Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes ☐ No ☐

17 Have you entered into any binding agreement with us concerning the purchase of a Franchise Business before today?

Yes ☐ No ☐

18 Have you paid any money to us concerning the purchase of the Franchise Business before today?

Yes ☐ No ☐

19 If you have answered "Yes" to any one of questions 11-18, please provide a full explanation of each "yes" answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "no" to each of questions 11-18, please leave the following lines blank _____

_____

_____

_____

20 Have you received the completed Franchise Agreement, all exhibits thereto and all other agreements you are to sign for at least 7 days?

Yes ☐ No ☐

21 Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes ☐ No ☐

22 If no, what part of the Franchise Agreement do you not understand? (Attach additional pages if necessary)

_____

_____

_____

_____

23 I signed the Hard Exercise Works Franchise Agreement and related documents on _____, 2019 and understand and acknowledge that none of these agreements is effective until they are signed and dated by the President of HEW Enterprises, Inc

Please understand that your responses to these questions are important to us and that we will rely on them By signing the Questionnaire, you are representing that you have responded truthfully to the above questions

Dated _____, 2019

FRANCHISE APPLICANT

_____

EXHIBIT M – LIST OF FRANCHISEES

(a) **Operational Franchisees** The following are the names, addresses and telephone numbers of the 18 Franchise Businesses in the United States as of December 31, 2018 who are operational

Name of Franchised Unit	Name and Address of Franchisee	Telephone Number
HEW Rocklin	Nick Perry 6505 Lonetree Boulevard, Suite 107 Rocklin, CA 95765	(916) 947-5686
HEW Boca Raton	Jason Martin and Tonya Martin 21065 Powerline Road Bay C-9 Boca Raton, FL 33433	(561) 218-4069
HEW Boynton Beach	Neil Tashman 1040 Gateway Boulevard, Suite # 103 Boynton Beach, FL 33426	(561) 509-0330
HEW Clearwater	LT&W, LLC Todd and Leigh Ann Redmond Clearwater, Florida 33765	(727) 223-8729
HEW Coral Springs	Justin Ziegler, Kristie Ziegler and Ed Ziegler 5884 W Sample Road Coral Springs, FL 33073	(754) 222-2725
HEW Coral Springs West	Justin Ziegler, Kristie Ziegler and Ed Ziegler 10643 West Atlantic Boulevard Coral Springs, FL 33071	(954) 840-3568
HEW Deerfield Beach	Bryan Stutevoss 1215 S Federal Highway Deerfield Beach, FL 33441	(954) 482-0756
HEW Delray Beach	JayKayV, LLC Jason and Kaya VanSteenburgh 5195 West Atlantic Avenue Unit B Delray Beach, FL 33484	(561) 789-3000
HEW Jacksonville – San Marco	Mark Jankovich and Liz Jankovich 2777 University Boulevard West # 16 Jacksonville, FL 32217	(904) 570-9990
HEW Jensen Beach (formerly Stuart)	Justin Bartlett and Caitlin Bartlett 1495 N Federal Highway Stuart, FL 34994	(772) 232-4944

Name of Franchised Unit	Name and Address of Franchisee	Telephone Number
HEW Lake Worth	Chad Bonta and Stephanie Bonta 5516 State Road 7 Suite 118 Lake Worth, FL 33449	(561) 357-9244
HEW Orlando-University Boulevard	Jason Wagner and Stephanie Wagner International Plaza 11551 University Boulevard Suite 4-C, Building 1 Orlando, FL 32817	(561) 818-8091
HEW Palm Beach Gardens	The Gardens Gym, LLC Nick Perry and Melissa Perry 10190 Riverside Drive, #101 Palm Beach Gardens, FL 33410	(561) 627-7277
HEW Port St Lucie	John Welch and Kendra Welch 464 S W Port St Lucie Boulevard, # 101 Port St Lucie, FL 34953	(772) 529-0108
HEW South Stuart	Jamie Murray and Kelly Murray 4245 S E Federal Highway Stuart, FL 34997	(772) 403-7828
HEW Wellington	John Szarszewski and Alexis Hernandez 8751 Southern Boulevard West Palm Beach, FL 33411	(561) 422-0330
HEW Roswell	Lanny Branum and Laurie Branum Rivermont Square 8560 Holcomb Bridge Road Alpharetta, GA 30022	(404) 545-0351
HEW Ashville	Arnaldo Alvarez, TJ Robinson and Meghan Wells 1636 Hendersonville Road ## 86 and 87 Asheville, NC 28803	(828) 575-2556

(b) **Franchise Executed But Not Yet Operational** The following are the names, addresses and telephone numbers of the 3 Franchise Businesses in the United States as of December 31, 2018 who are not yet operational but has signed a Franchise Agreement

Name of Franchised Unit	Name and Address of Franchisee	Telephone Number
HEW Coral Gables	Justin and Kristie Ziegler 6675 NW 75th Place Parkland, FL 33067 Ryan Haltiwanger 6640 NW 75th Place Parkland, FL 3067	(561) 531-3282 (904) 790-1721

Name of Franchised Unit	Name and Address of Franchisee	Telephone Number
HEW Dadeland	Justin Ziegler, Kristie Ziegler and Ryan Haltiwanger 9015 Dadeland Blvd, Suite F-104 Kendall, FL 33156	(954) 406-5485
HEW Pinecrest	Justin and Kristie Ziegler 6675 NW 75th Place Parkland, FL 33067 Ryan Haltiwanger 6640 NW 75th Place Parkland, FL 3067	(561) 531-3282 (904) 790-1721

(c) **Former Franchisees** The following are the names, last known home addresses and home telephones or cell numbers of the 2 Franchisee in the United States that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year (since January 1, 2018) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document

Name of Former Franchised Unit	Name of Former Franchisee and Last Known Home Address	Last Known Home Telephone Number
HEW West Palm Beach	Shannon Ruest and Kristen Ruest 225 Fordham Dr Lake Worth, FL 33460	(561) 262-0235
HEW Johns Creek	Anthony Hippeli 4565 Dairy Way Norcross, GA 30092	(678) 262-8389

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

(d) **Transferred Franchises** The following are the names, last known home addresses and home telephone or cell numbers of the -0- Franchisee in the United States that has sold their Franchise to another during the most recently completed fiscal year (since January 1, 2018) and until the effective date of this Franchise Disclosure Document

NONE

EXHIBIT O – FRANCHISE TERMINATION AND RELEASE AGREEMENT

5/16/19

FRANCHISE TERMINATION AND RELEASE AGREEMENT

THIS FRANCHISE TERMINATION AND RELEASE AGREEMENT (this "Agreement") is signed and effective on _____, 2019 among HEW Franchising, LLC, as the Franchisor ("we," "us" or "our"), _____, as the Franchisee and _____, as the Guarantor ("you" or "your")

BACKGROUND

A We and you entered into a Hard Exercise Works Franchise Agreement dated __, 2019 and certain ancillary documents thereto (collectively, the "Franchise Agreement"), under which we granted and you accepted a Hard Exercise Works Franchise in _____

B Your obligations under the Franchise Agreement and other agreement with us are guaranteed by the Guarantor under the Guaranty of Franchisee's Obligations dated _____, 2019

C The parties desire to terminate the Franchise Agreement and the Guaranty and to release us from, and against, all obligations arising in connection with the Franchise Agreement and the Guaranty, except as otherwise provided in this Agreement

The parties agree as follows

TERMS

1 **Termination of Franchise Agreement and Guaranty** The parties agree that the Franchise Agreement and all of the parties' respective obligations under the Franchise Agreement and/or the Guaranty are terminated (except as stated in Section 4)

2 **Release of Franchisor** You, for yourselves and your legal successors and assigns, releases and forever discharges us and our officers, directors, stockholders, agents and legal successors and assigns releases and forever discharges us and our legal successors and assigns, of and from all manner of actions, causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or in equity, that either party and/or any of their respective officers, directors, stockholders, agents and legal successors and assigns, ever had, now has, or that they hereafter can or may have for, upon, or by reason of any matter, cause or thing whatsoever involving, directly or indirectly, the Franchise Agreement. However, this Agreement does not discharge or impair any right of indemnity, surety or contribution that we may have against you, your officers, directors, stockholders, agents, legal successors or assigns, in connection with any claim that may later be asserted against us by any third party

3 **Warranty of No Prior Assignment.** Each party represents and warrants to the other party that he, she or it has made no prior assignment to any person not a signatory to this Agreement of any claim he, she or it may have against the other party

4 **Post-Term Covenants** The termination and release provided in Sections 1 and 2 have no effect on your obligations under the Franchise Agreement that expressly or by their nature survive the termination of the Franchise Agreement These obligations specifically include obligations of confidentiality, the mutual indemnification provisions for matters arising before the date of this Agreement, and provisions concerning governing law and dispute resolution, that continue in full effect after the termination of the Franchise Agreement and until they are satisfied or by their nature expire

6 **Return of Confidential Information** You will immediately return to us all Confidential Information (as defined in the Franchise Agreement) in your possession or control

7 **Nondisclosure** You will not discuss with, disclose to or communicate with anyone the terms of this Agreement or the facts surrounding, causing or resulting from the Hard Exercise Works Franchise including any prospective, existing or former Hard Exercise Works Franchisee, unless required by legal process You will only state that you have left the Hard Exercise Works System You understand that the FTC Franchise Rule requires us to disclose your name, home address and telephone number in our Franchise Disclosure Document until December 31, 2020

8 **No Admission of Liability** By signing this Agreement, no party admits any liability to the other or the truth or falsity of any allegation, statement, communication or fact discussed, disclosed or communicated in any manner, regarding any transaction, communication, contact, statement or action between the parties or in connection with this Agreement, the Franchise Agreement or the Guarantee signed by the parties

9 **Entire Agreement.** This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations if any made by the parties

10 **Binding Effect.** All of the terms of this Agreement, regardless of whether expressed, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective legal representatives, heirs, successors and permitted assigns

11 **Interpretation** Each of the parties agree that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement, if any Therefore, the parties agree that the provisions of this Agreement or any of the other documents will not be construed against any party more strictly than against the other

The parties have signed this Agreement as of the date first above written

FRANCHISOR

HEW Franchising, LLC

By _____
Matthew Hunt, President

FRANCHISEE

_____

GUARANTOR

_____

EXHIBIT P– TABLE OF CONTENTS OF OPERATIONS MANUAL

TABLE OF CONTENTS OF OPERATIONS MANUAL

Subject	Pages
Chapter 1 Introduction	6
Chapter 2 Critical Organization Contact Information	1
Chapter 3 Emergency Accident Procedures	4
Chapter 4 Operations Procedures	10
Chapter 5 Inventory Management	2
Chapter 6 Financial Management	2
Chapter 7 Customer Service	2
Chapter 8 Advertising and Marketing	3
Chapter 9 Sales System	17
Chapter 10 Coaching a HEW Class	5
Appendix 1 Sample Financial Report	4
Appendix 2 Sample Budget	2
Appendix 3 Chart of Accounts	3
Appendix 4 New Hire Document Check List	1
TOTAL PAGES	**62**

EXHIBIT Q - RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this Franchise Disclosure Document and all agreements carefully

If HEW Franchising, LLC offers you a Franchise Business, we must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant

New York and Rhode Island require that we give you this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship

Michigan requires that we give you this Franchise Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If HEW Franchising, LLC does not deliver this Franchise 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 the state agency listed on Exhibit B

The franchisor is HEW Franchising, LLC, located at 661 Maplewood Drive, Unit 18, Jupiter, FL 33458 Its telephone number is (561) 339-9035

The FTC issuance date of this Franchise Disclosure Document is May 16, 2019

The franchise seller for this offering is (check one)

☐ Matthew B Hunt, 661 Maplewood Drive, Unit 18, Jupiter, FL 33458 and (561) 339-9035

-or-

☐ Please add the name, principal business address, and telephone number of the franchise seller who offered you the franchise _____

_____

The name and address of the franchisor's registered agent authorized to receive service of process is listed in Exhibit B

I received this Franchise Disclosure Document dated May 16, 2019 that included the following Exhibits

A - State Addenda to FDD
B – List of State Administrators and our Agents for Service of Process
C - Territory Reservation Agreement
I – Agreement with Landlord
J – Telephone Number Assignment
K – Software Sublicense Agreement
L – Franchisee Closing Questionnaire

D – Franchise Agreement
E – Approved Location Addendum
F – State Addenda to Agreement
G – Authorization Agreement (ACH Debits)
H – Guaranty
I – Agreement with Landlord
J – ACH Checking Account
M – List of Franchisees
N – Financial Statements
O - Franchise Termination and Release Agreement
P – Table of Contents of Manual
Q – Receipt

Prospective Franchisee

Sign_____ Dated _____, 2019

Print_____

(copy #1 - to be retained for your records)

RECEIPT

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M – List of Franchisees
N – Financial Statements
O - Franchise Termination and Release Agreement
P – Table of Contents of Manual
Q – Receipt

Prospective Franchisee

Sign_____ Dated _____, 2019

Print_____

Please print out the last 2 pages of this FDD (our copy of the Receipt) sign it, print your name and add the date you signed the Receipt Then do any of the following

1 You can mail the signed Receipt back to us at

Matthew B Hunt
661 Maplewood Drive
Unit 18
Jupiter, FL 33458

2 You can fax the signed Receipt back to us at

Attn Matthew B Hunt

3 You can e-mail the signed Receipt back to us, by scanning the signed Receipt to create a PDF and e-mail the signed Receipt back to us as an attachment to

franchise@hardexerciseworks com