FRANCHISE DISCLOSURE DOCUMENT

FRANCHISOR
Iron 24 Franchising, LLC
a Texas limited liability company
2880 Broadway Bend Drive, Building #1
Pearland, Texas 77584
(877) 903-2927, ext. 809
info@iron24.com
www.iron24.com

As a franchisee, you will operate a technology-driven fitness center that offers low-cost gym memberships, with no contracts or sales pitches, providing 24-hour access to a full array of top-quality equipment in one clean, convenient, and welcoming space, under the name "Iron 24™."

The total investment necessary to begin operation of an Iron 24 franchise is from $91,950 to $288,850. This includes $24,350 to $27,300 that must be paid to us as the franchisor or our affiliate. We may offer to enter into an area development agreement to establish and operate a minimum of two Iron 24 franchises at specific locations under individual franchise agreements. The area development fee will be equal to $20,000 for the first location plus $10,000 multiplied by the number of additional Iron 24 locations to be developed under the area development agreement. The area development fee will then be credited toward the franchise fee owed for each Iron 24 franchise developed. Your estimated initial investment will vary based on the number of Iron 24 franchises to be developed.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Marty Flanagan, Iron 24 Franchising, LLC, 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, (763) 200-1105, marty@franchiczar.com. The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 6, 2022

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Iron 24 business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Iron 24 franchisee?	Item 20 or Exhibits F and G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

4. **Purchase of Inventory and Supplies**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar grounds. This may reduce the anticipated profit of your franchised business.

5. **Unregistered Trademark**. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

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

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THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

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(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO

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FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

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

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS, SECURITIES & COMMERCIAL LICENSEING BUREAU, 2407 N. GRAND RIVER AVE., LANSING, MICHIGAN 48906.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

STATE OF MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL
G. MENNEN WILLIAMS BUILDING
525 W. OTTAWA STREET
LANSING, MICHIGAN 48909
TELEPHONE NUMBER: (517) 335-7622

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

The Franchisor

Iron 24 Franchising, LLC, a Texas limited liability company ("**we**" or "**us**" or "**our**" or "**Iron 24 Franchising, LLC**"), is the franchisor. We and our parent and affiliates have our principal place of business at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584. We were formed on August 19, 2021. We conduct business under the name and mark "Iron 24" and related names, marks and slogans.

We are a franchising company that promotes and sells franchises for the operation of Iron 24 Centers. As of the date of this Disclosure Document, we and our affiliates do not own or operate an Iron 24 Center of the type being franchised. We have not offered franchises in any other line of business, and we are not engaged in any business other than selling franchises for Iron 24 Centers. We have offered Iron 24 Centers since the date of this Disclosure Document.

Our agent for service of process is David Graham. His principal business address is 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584. If we have an agent for service of process in your state, we disclose that agent in Exhibit A.

Our Parents, Affiliates and Predecessors

We are owned by our parent, Iron 24 Holdings, LLC ("**Holdings**"), a Texas limited liability company whose principal place of business is the same as ours. Holdings is owned by its parent, FranchiCzar Holdings, LLC ("**FranchiCzar Holdings**"), whose principal place of business is also the same as ours. FranchiCzar Holdings is owned by its parent, Graham Ventures, Inc., with the same principal business address as ours.

We have the following affiliates:

FranchiCzar, LLC is a Texas limited liability company formed October 5, 2016 ("**FranchiCzar**"). FranchiCzar, whose principal place of business is the same as ours, is the designated supplier of certain products and services to our franchisees, including the FranchiCzar operating system that you are required to use, as well as digital marketing services that you may purchase, among others that we may designate. FranchiCzar may in the future offer other services to our franchisees, such as call center services. A copy of the agreement that you must sign with FranchiCzar for its services is attached as Exhibit K to this Disclosure Document.

Fundio, LLC is a Texas limited liability company formed June 26, 2020 ("**Fundio**"). Fundio, whose principal place of business is the same as ours, is the designated supplier of certain payment processing services that you are required to use.

FranPerform LLC ("**FranPerform**") is a Texas limited liability company that was formed on January 30, 2020. FranPerform has the same principal business address as we do. As of the date of this Disclosure Document, FranPerform does not offer any franchises in any line of business, but it will offer certain services to our franchisees, including digital marketing services and franchise development services.

Iron 24 Ventures, LLC is a Texas limited liability company formed August 19, 2021 ("**Ventures**"). Ventures, whose principal place of business currently is 2880 Broadway Bend Drive, Building #1, plans to open an Iron 24 Center in 2022 in Pearland, Texas, although as of the date of this Disclosure Document, this location is not open.

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On September 14, 2021, FranchiCzar Holdings formed a subsidiary, Math Reactor Holdings, LLC, which in turn has a subsidiary, Math Reactor Franchising, LLC ("**Math Reactor**"), which is an affiliate of ours. Math Reactor, which was formed on September 14, 2021, has the same principal business address as we do. Math Reactor offers for sale franchises for mathematical learning centers and studios for kids featuring math-based competitions and fund raisers. Math Reactor has never operated fitness centers, or offered fitness franchises or franchises in any other line of business, except as described above.

On December 6, 2021, FranchiCzar Holdings formed a subsidiary, Valhallan Holdings, LLC, which in turn has a subsidiary, Valhallan, LLC ("**Valhallan**"), which is an affiliate of ours. Valhallan, a Texas limited liability company which was formed on December 6, 2021, has the same principal business address as we do. Valhallan offers for sale franchises for an esports tournament and training business. Valhallan has never operated fitness centers, or offered fitness franchises or franchises in any other line of business, except as described above.

Other than provided above, neither our parent, nor our affiliates, are offering, and have never offered, franchises in any line of business. We have no other affiliates required to be disclosed in this Disclosure Document. We have no predecessors.

The Franchise Offered

We are offering franchises for technology-driven fitness centers that operate under the name "Iron 24" (each a "**Center**" or "**Iron 24 Center**"). Each Center is established and operated using the format and system we developed (the "**System**") and operate at retail locations displaying our interior trade dress that is designed to make the location welcoming, comfortable, and easily identifiable for customers. Centers feature and operate under the Proprietary Marks (as described below). Centers offer low-cost gym memberships, with no contracts or sales pitches, providing 24-hours-a-day, 7-days-a-week access to a full array of top-quality equipment in one clean, convenient, and welcoming space. Your Center must be large enough to include the equipment and amenities we prescribe. Typically, a Center will range in size from 2,500 to 6,000 square feet, although we may designate alternative designs for Centers to accommodate different sized spaces. All products and services offered for sale at an Iron 24 Center are subject to our approval.

Iron 24 Centers are characterized by our System. Some of the features of our System include (a) interior and exterior design, decor, color schemes, fixtures, and furnishings; (b) standards and specifications for products, services equipment, materials, and supplies; (c) uniform standards, specifications, and procedures for operations; (d) purchasing and sourcing procedures; (e) training and assistance; and (f) marketing and promotional programs. We may periodically change and improve the System.

You must operate your Iron 24 Center in accordance with our standards and procedures, as set out in our Confidential Operations Manuals (the "**Manuals**"). We will provide a copy of the Manuals to you for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically). In addition, we will grant you the right to use our marks, including the mark "Iron 24" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**"). We may modify the Proprietary Marks or substitute new Proprietary Marks.

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit C to this Disclosure Document) with qualified legal entities and persons ("**you**") that wish to establish and operate an Iron 24 Center(s). (In this Disclosure Document, "you" means the person or legal entity with

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whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of a corporation, partnership, or limited liability company that signs a Franchise Agreement as the "franchisee.")

Under a Franchise Agreement, we will grant you the right and you will accept the obligation to operate an Iron 24 Center at an agreed-upon specified location (the "**Approved Location**"). (In this Disclosure Document, the term "**Franchised Center**" means the Iron 24 Center franchised to you under a Franchise Agreement.)

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a ten percent (10%) ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Center (the "**Designated Principal**"). You must also designate either the Designated Principal or a "**Manager**" (subject to our reasonable approval) to assume the responsibility for daily supervision and operation of the Franchised Center.

Area Development Agreement

We may also offer to enter into an area development agreement (the "**Area Development Agreement**") (included as Exhibit D to this Disclosure Document) with qualified legal entities and persons (each, an "**Area Developer**"), which grants the right to establish and operate a specified number of Iron 24 Centers in a specified area (the "**Development Area**") at specific locations that must be approved by us, each under a separate Franchise Agreement. We will enter into Area Development Agreements under which at least two Iron 24 Centers will be developed by an Area Developer.

Area Developers must open each Iron 24 Center in accordance with an agreed upon opening schedule (the "**Development Schedule**"). The Development Schedule will be set forth in Exhibit A of the Area Development Agreement. The Area Developer exercises its right to open Iron 24 Centers by entering into a separate Franchise Agreement for each Franchised Center opened. The Franchise Agreement for each subsequent Franchised Center to be developed under the Area Development Agreement will be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the first Franchise Agreement signed simultaneously with the Area Development Agreement.

Non-Use and Non-Disclosure Agreement

You will be required to sign a Non-Use and Non-Disclosure Agreement prior to receiving information from us we deem to be confidential. This Non-Use and Non-Disclosure Agreement is included as Exhibit E to this Disclosure Document.

The Market and Competition

The market for fitness centers is well developed and competitive in most areas. You will serve the general public and will compete with a variety of businesses, including national fitness chains, personal training studios, and local fitness centers. These businesses compete on the basis of factors such as type of workout offered, price, service, and location. These businesses are often affected by other factors as well, such as changes in consumer habits, fitness trends, economic conditions, population and travel patterns. The business for Iron 24 Centers is not seasonal.

We or our affiliates may establish other Iron 24 Centers in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products and/or services in your area. Our affiliates may also offer other franchised brands and certain goods or services as described above. Also, we may sell related products through wholesalers, distributors, the Internet, toll-free telephone numbers,

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catalogs, or other similar means of distribution to customers at any location, whether or not located in your area. To the extent your Franchised Center may be located near another Iron 24 Center, you may appear to or actually compete with other Iron 24 Centers.

Industry Specific Regulations

You must comply with all local, state and federal laws that apply to your Franchised Center operations, including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect the building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc., of an Iron 24 Center. You must also obtain real estate permits, licenses and operational licenses. There may be other laws applicable to your business and we urge you to make further inquiries about these laws. Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close during local, state or national emergencies.

There are no national regulations that apply specifically to the operation of fitness centers. However, many states and municipalities have laws and regulations that apply specifically to membership contracts, operations and licenses. Many states limit the length of your customer contracts, provide for specific provisions to be included in those contracts, and prescribe the format or type size for the contract, and/or provide customers the right to terminate their contracts. State regulations may also require you to obtain a bond to protect pre-paid membership fees you collect. Some states and municipalities may also have enacted laws requiring fitness centers to have a staff person available during all hours of operation, and in some cases, this person may be required to be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some states have laws requiring a fitness center to have an automated external defibrillator ("AED") and other first aid equipment on the premises, and some may require you to take other safety measures. Some states impose sales taxes on center memberships.

We require the Designated Principal and Manager, if any, pass a background check prior to commencing work in the Franchised Center, and on a periodic basis thereafter, that is free of any sexual and/or violent offenses, any offense involving moral turpitude, and/or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System or the Proprietary Marks.

ITEM 2
BUSINESS EXPERIENCE

David Graham: Chairman of the Board

Mr. Graham has been our Chairman of the Board since our inception in August 2021. He also serves as Chairman of the Board of our affiliate FranchiCzar, located in Pearland, Texas, a position he has held since October 2016; as Chairman of the Board of our affiliate Valhallan, located in Pearland, Texas, a position he has held since December 2021; and as Chief Executive Officer of our affiliate Math Reactor, located in Pearland, Texas, a position he has held since September 2021. Previously, Mr. Graham served as Chairman of the Board of XP League, LLC, located in Pearland, Texas, from June 2020 to December 2021, as Chairman of the Board of Code Ninjas, LLC, located in Pearland, Texas, from August 2020 to

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September 2021, and as Chief Executive Officer of Code Ninjas, LLC, located in Pearland, Texas, from August 2016 until August 2020. Mr. Graham serves in his present capacities in Pearland, Texas.

Marty Flanagan: Brand President

Mr. Flanagan has been our Brand President since our inception in August 2021. He also serves as Franchise Manager of our affiliate FranchiCzar, located in Pearland, Texas, a position he has held since September 2019; as Vice President of Franchising of our affiliate Valhallan, located in Pearland, Texas, a position he has held since December 2021; and as Vice President of Franchising of our affiliate Math Reactor, located in Pearland Texas, a position he has held since September 2021. Prior to that time, he served as Interim Brand President of XP League, LLC, located in Pearland, Texas, from October 2021 to December 2021, and as Vice President of Franchising of Code Ninjas, LLC, located in Pearland, Texas, from August 2016 to December 2019. Mr. Flanagan serves in his current capacities in the Minneapolis, Minnesota and greater Houston, Texas areas.

ITEM 3
LITIGATION

Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon, No. 3:19-cv- 00303 (S.D. Tex.) (filed September 9, 2019) and *Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon*, American Arbitration Association ("AAA") No. 01-19-0004-4568 (filed December 11, 2019).

Code Ninjas, LLC ("Code Ninjas") filed a lawsuit seeking to enjoin a Code Ninjas franchisee and its owner (the "franchisees") from establishing and operating a competitive business in violation of their obligations not to compete with Code Ninjas. The franchisees denied the allegations and asserted claims against Code Ninjas and David Graham, the founder of Code Ninjas, who is now our Chairman of the Board, seeking rescission of their various agreements based on allegations that Code Ninjas made misrepresentations relating to the sale of the franchise opportunity. Code Ninjas denied the allegations. In December 2019, Code Ninjas moved to dismiss the counterclaims and to compel the counterclaims to arbitration. Code Ninjas contemporaneously filed for arbitration. The parties reached a settlement in April 2020 under which the franchisees agreed to dismiss their claims and abide by their post-termination obligations, including their obligations not to compete, in exchange for Code Ninjas' agreement to terminate the franchisees' existing franchise and a franchise agreement for an unopened territory without any refund or exchange of money. Code Ninjas also dismissed its claims against the franchisees.

Other than this 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

Franchise Agreement

When you sign the Franchise Agreement for an Iron 24 Center, you must pay us an initial franchise fee of $20,000 (the "**Franchise Fee**"). The Franchise Fee will be fully earned when paid and non-refundable

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in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunities to enter into the Franchise Agreement with others.

You must pay the Franchise Fee in full at the time you sign the Franchise Agreement. If you signed an Area Development Agreement, we will credit a portion of the Area Development Fee you paid toward the Franchise Fee under the conditions described below.

The Franchise Fee is uniformly charged. We did not collect any Franchise Fees for Iron 24 Centers in our last fiscal year, as we began offering franchises as of the date of this Disclosure Document.

Area Development Fee

If you are going to be an Area Developer, then you will sign an Area Development Agreement and pay us an area development fee (the "**Area Development Fee**"). The amount of the Area Development Fee will be calculated by multiplying $10,000 times the number of Iron 24 Centers to be developed under the Area Development Agreement. The Area Development Fee will be due in a lump sum payment upon the signing of an Area Development Agreement. (Upon the signing of an Area Development Agreement, you must also sign the Franchise Agreement for the first Franchised Center to be developed under the Area Development Agreement, and pay the Franchise Fee for the first Franchised Center, subject to the credit described below.) The Area Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Area Development Agreement, and for our lost or deferred opportunities to enter into the Area Development Agreement with others.

If you meet your obligations under the Area Development Agreement and are not otherwise in default under any other agreement with us, as you sign Franchise Agreements for each Franchised Center developed under the Area Development Agreement, we will credit $10,000 of the Area Development Fee that you paid towards the Franchise Fee due for each Franchised Center. However, under no circumstances will we grant credits in excess of the total amount of the Area Development Fee you paid under the Area Development Agreement. Additionally, if you are in compliance with the Area Development Agreement, then as you sign a Franchise Agreement for each Franchised Center that you develop to satisfy the Development Schedule, the Franchise Fee for those Franchised Centers will be the amount specified in the Area Development Agreement (currently $20,000 for an Iron 24 Center), regardless of whether our standard Franchise Fee is higher at the time you sign the Franchise Agreements for each Franchised Center.

The Area Development Fee is uniform for all area developers. We did not collect any Area Development Fees in our last fiscal year, as we began offering franchises as of the date of this Disclosure Document.

Other Initial Fees

You will pay us an "**Electronic Systems Fee**" each month during the term of your Franchise Agreement, which includes your email, website hosting, security and access control systems, and access to our electronic support systems and operating software (as further described in Item 6 and Item 11), as well as access to the customer payment processing services provided by Fundio. This monthly fee is currently $250 plus $50 for each security camera and $100 for each controlled access point in your Iron 24 Center. Except for the portion of the fee related to security cameras and any controlled access points, you will begin paying this fee on the first day of the month after you sign your Franchise Agreement, and each first of the month thereafter. You will begin paying the portion of the fee related to cameras and controlled access points on the first day of the month after their installation, and each first of the month thereafter. We estimate that camera and controlled access point systems will be installed approximately one month prior to opening your Iron 24 Center. The amount of this fee that you pay to us before opening your Iron 24

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Center will range from $1,350 to $2,300 depending on when you open and the number of security cameras and controlled access points your Iron 24 Center will have. This range assumes you will open within our estimated timeframes of four to seven months after signing a Franchise Agreement. The low end of the range of these pre-opening fees assumes your Iron 24 Center opens in four months and will have five security cameras and one controlled access point. The high end of the range assumes your Center will open in seven months and will have seven security cameras and two controlled access points. The Electronic Systems Fee is non-refundable.

Additionally, you must prepare and conduct a grand opening advertising program for your Iron 24 Center in compliance with our requirements, and you will be required to spend at least $8,000 in connection with this program. We estimate that you will be required to spend $3,000 to $5,000 on digital marketing services you purchase from our affiliate in connection with your grand opening advertising program. The fees for digital marketing services purchased from our affiliate are non-refundable.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	**Amount**	**Date Due**	**Remarks**
Royalty ("**Royalty Fee**")	The greater of (i) 4.5% of Net Sales or (ii) the Minimum Royalty Fee of $300 per month. See Note 3.	On Monday after the close of each week, based on the Net Sales for that week. See Note 2.	"**Net Sales**" means all revenue related to the operations of the Franchised Center (excluding customer refunds made in good faith and sales taxes collected and remitted to the proper authorities). We provide for remit of this Royalty Fee and other fees due to us from the collection of all your customer payments through our online designated payment processing website portal operated by FranchiCzar that we have currently designated, but reserve the right to change our method of collection.
General Advertising Fee	We do not currently charge this fee. However, we may impose a General Advertising Fee of up to 5% of Net Sales.	On Monday after the close of each week, based on the Net Sales for that week. See Note 2.	This is a fee that you pay to us in consideration of marketing and promotional efforts that we undertake which benefit the System. This fee is not a contribution to an independent advertising fund or a pooled advertising

Type of Fee (Note 1)	Amount	Date Due	Remarks
			program. As of the date of this Disclosure Document, we have not instituted this fee; however we reserve the right to do so upon thirty (30) days' notice to you.
Local Advertising and Promotion	You must directly spend the greater of (i) 3% of Net Sales or (ii) $1,000 per month, on your local advertising and promotion.	As incurred.	You must spend this local advertising requirement in compliance with our current policies. We currently require you to spend this on digital marketing of your Franchised Center. We have the right to require you to provide proof that these funds were spent, and spend them on your behalf should you fail to do so. We currently require that you spend these funds with one of our designated digital marketing vendor(s) to satisfy this requirement.
Call Center Fees	As of the date of this Disclosure Document, we do not charge this fee. However, if we or our affiliates do so, the base service fees will range from $200 to $1,000 per month, plus a commission of a percentage of any customer acquisitions that we or our affiliates make for you.	Monthly, on or before the 1st day of each month.	If we or our affiliates operate a centralized customer service or call center, you may utilize its services to make incoming and outgoing calls to potential customers for you. See Note 4.

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Type of Fee (Note 1)	Amount	Date Due	Remarks
Electronic Systems Fee	$250, plus $50 for each security camera and $100 for each controlled access point in your Franchised Center, per month.	Except for the portion of the fee related to security cameras and access point systems, you begin paying this fee on the first of the month following the signing of your Franchise Agreement, and on the first of each month thereafter. You will begin paying the portion of the fee related to cameras and access point systems on the first day of the month after their installation, and each first of the month thereafter. We estimate that cameras and access point systems will be installed approximately one month prior to opening your Franchised Center.	We reserve the right to charge this fee for products and services related to informational technology, including email, website management, security and access control systems, marketing programs, and access to our electronic systems and operating software in connection with the Franchised Center and System. See Note 5.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Annual Convention Registration	If we hold an annual convention, $799 per attendee based on early bird pricing. We may increase this fee annually.	When you register for the annual convention; provided that we will bill you for one registration fee prior to the convention.	You pay this fee once a year in which a convention is scheduled, for one Franchised Center, even if you do not register for our convention. It gives you a registration for one person to attend our convention. The person holding a controlling interest in your business and your Designated Principal (if different) are required to attend.
Additional training and assistance	$500 per additional person to attend our initial training program; and our per-diem charge for additional training (which is currently $500, plus our out-of-pocket costs), per trainer.	Upon demand.	You must pay our then-current fee to send more than three individuals to our initial training program. If we require, in our sole discretion, that additional training from us is required or if you ask that we (a) provide additional training, or (b) conduct any training session outside of our standard training programs described in this Disclosure Document, and we do so, then you will have to pay our then-current per-diem charge for extra training plus expenses that we incur. See Note 6.
Product/Supplier Testing and Evaluation Costs	Varies – the costs of testing and evaluation.	Upon demand, if incurred.	See Note 7.
Transfer Fee	$5,000 under the Franchise Agreement. An Area Developer will pay a transfer fee equal to $10,000 for each Iron 24 Center not developed, but not less than 50% of the Area Development Fee.	At time of transfer.	Payable only if you make a transfer (as defined in the Franchise Agreement) of an open Franchised Center, which includes any sale or assignment of your franchise or your company. You may not transfer your Franchise Agreement if your Iron 24 Center is not open and operating. We do not impose a fee for a transfer to an entity

Type of Fee (Note 1)	Amount	Date Due	Remarks
			you form for the convenience of ownership. This fee is subject to state law. See Note 8.
Renewal Fee	$2,000	Before renewal.	The Franchise Agreement may be renewed after an initial term of ten (10) years. You will only need to pay this fee if you renew the Franchise Agreement. There is no renewal under the Area Development Agreement.
Charges for inspections and "mystery customer" quality control evaluation	Will vary under circumstances.	Upon demand, if incurred.	The mystery customer program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items). See Note 9.
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, and interest equal to 1.5% per month (but not more than any maximum rate set by law).	At time the overdue payments are paid.	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Dues and Assessments Imposed by a Franchisee Advisory Council	As determined by a franchisee advisory council (if established). Currently – none.	At the times required by a franchisee advisory council.	We may form, or require that our franchisees form, a franchisee advisory council. If one is formed, you must become a member if we require, and you must pay the fees and assessments imposed by the council.
Center Refurbishment	Will vary under circumstances.	As agreed.	We may require you to refurbish your Franchised Center to meet our then-current requirements for décor, layout, etc. We will not require you to refurbish the Franchised Center more frequently than every five (5) years.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Prohibited Product, Service, Supplier or Advertising Fee	$250 per day of use or offering of unauthorized products, services, suppliers, or advertising.	If incurred.	In addition to other remedies available to us, if you use or offer any unapproved or unauthorized product or service, or you use any unapproved or unauthorized supplier or advertising, you must pay us this fee to offset the costs associated with your unauthorized use. This may not be enforceable under state law.
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon demand.	Payable only if we audit and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment (see "interest" above).)
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so.	Upon demand.	We have the right (but not obligation) to buy insurance coverage if you do not do so.
Relocation Fee	$2,000, provided that if our actual expenses exceed this amount, you must pay the amount which exceeds the fee.	Upon demand.	Payable only if you relocate your Franchised Center, in order to reimburse us our costs and expenses related to an approved relocation of your Franchised Center.
Securities Offering	Our actual expenses.	Upon demand.	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Tax Assessment	Our actual expenses.	Upon demand.	Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.

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Type of Fee (Note 1)	Amount	Date Due	Remarks
Costs and Legal Fees	Will vary under circumstances.	Upon demand.	You must reimburse us for the expenses we incur (including reasonable attorneys' and other legal fees) as a result of your default of the Franchise Agreement and to enforce and terminate the Franchise Agreement.
Standard Default Fee	Up to $500 per month per violation.	Upon demand.	In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the applicable cure period, you must pay us up to $500 per month per violation until such default is cured to offset our expenses incurred to address the default.
Additional Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expense if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts.	Upon demand.	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the additional expenses we incur (including reasonable attorneys' and other legal fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions. See Note 10.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Indemnification	Will vary under circumstances.	Upon demand.	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Center, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.
Liquidated Damages	See Note 11.	Within 15 days of termination of your Franchise Agreement or Area Development Agreement for cause.	You must pay this fee if we terminate your Franchise Agreement or Area Development Agreement for cause. This may not be enforceable under state law.

Explanatory Notes to Item 6 Table:

1. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are intended to be uniform for all franchisees, although, we reserve the right to reduce the royalty fee, or charge a fixed royalty fee, in certain circumstances, in our sole discretion. None of the amounts above include any applicable taxes, which taxes are your responsibility unless otherwise indicated.

2. We will provide for collection of all your customer payments through our online payment processing website portal run by our parent, FranchiCzar, that we have currently designated, but reserve the right to change, or otherwise through another electronic funds transfer. You must establish an arrangement for electronic funds transfers ("**EFT**"), as well as authorize us to charge your credit card with all amounts due to us and our affiliates, including, the signing of our current form of pre-authorized debit agreement and credit card authorization, copies of which are attached to the Franchise Agreement as Exhibit D. You must comply with all payment and reporting procedures specified by us. No later than Monday of each week we will calculate the amount of cleared customer payments received in connection with your Franchised Center for the preceding week, and shall remit such amount to you via EFT, less amounts representing the Royalty Fee, Electronic Systems Fees, General Advertising Fees, Call Center Fees, annual convention registration fees, EFT fees and merchant services and other processing fees, and all other fees that we require, in addition to any and all other amounts owed to us or any affiliate under the Franchise Agreement and all agreements between us and our affiliates and you and your affiliates. Each weekly payment by us to you will be accompanied by a digital statement setting forth the amount of customer payments received in connection with your Franchised Center and payments remitted to us. Your use of the online payment processing portal run by FranchiCzar is included in the monthly Electronic Systems Fee, but you must pay the then-current processing cost charged by our affiliate Fundio for the provision of credit card processing and bank ACH bank transfer services, which is currently 2.9% of the amount processed plus $0.30 per transaction; the current fee for

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ACH transfers is 2.0% of the amount processed. A copy of the agreement that you must sign with FranchiCzar for these services is attached as Exhibit K to this Disclosure Document.

With respect to credit card merchant services processing fees, in the event we or our affiliates pay these fees on your behalf, we will collect such fees from you. You must agree that we may retain any amount of customer payments as remittance of any amounts owed to us or our affiliates. Payments by you of any and all amounts under the Franchise Agreement are considered fully earned upon receipt and non-refundable.

You must agree that we may directly charge and collect from any customer (including any of your customers) certain fees in connection with purchasing memberships and registering for services through the Iron 24 mobile application and payment system that are in addition to payment for products and services provided by your Franchised Center. Such fees charged and collected by us will be fully earned by us.

Corporate and affiliate-owned Iron 24 Centers are not required to pay Royalty Fees, Electronic Systems Fees, General Advertising Fees, or Call Center Fees. Corporate and affiliate-owned Iron 24 Centers do not have a specific local advertising requirement, however, they will make expenditures in local advertising programs as appropriate.

3. The Minimum Royalty Fee is $300 per month and will begin on the earlier of (a) the first day of the calendar month following the date your Iron 24 Center opens, or (b) the first day of the calendar month following the date which is eight months from the execution of your Franchise Agreement. If you are an Area Developer, you will be required to execute a Franchise Agreement for your first Franchised Center at the time you execute the Area Development Agreement. The Franchise Agreement for each subsequent Franchised Center to be developed under the Area Development Agreement will be our then-current form of the Franchise Agreement, which may have a higher Royalty Fee.

4. We or our affiliates may, in the future, operate a centralized call center to take inbound and make outbound calls to your customers and/or potential customers. If established, you may choose to participate in, or we may require your participation in, the call center services, and you will pay this fee in addition to any Royalty Fees you must pay.

5. We require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Center. We may require you to pay us an up-front licensing fee as well as ongoing software maintenance fees for any proprietary software that we develop and require you to use. We may increase this fee during the term upon notice to you to cover additional costs for the license and support of required software, digital applications and successor technology and replacements thereto. As of the date of this Disclosure Document, the monthly Electronic Systems fee is $250 plus $50 for each security camera and $100 for each controlled access point in your Franchised Center. We require full camera coverage of all non-private areas your Franchised Center. We estimate that for a typically sized Center, you will require five to seven cameras and one to two controlled access points, but you may need more depending on the size and layout of the location.

6. If you request additional training or assistance, we may charge you our then-current per diem training fee for the additional training provided; and you will also have to reimburse us for all out-of-pocket costs and expenses associated with any additional training, including lodging, food and travel arrangements of the trainers. Additionally, if we determine, in our sole discretion, that you are in need of additional supervision or supplemental training, we may require that you receive

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such training from us, in which case you agree to also pay our then-current per diem training fee for the additional training provided; and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers. We may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary), and we do so, then we may charge you our then-current per diem training fee for that training we provide, and you will also have to reimburse us for all out-of-pocket costs and expenses described above. Our current per diem charge is $500 per trainer (we reserve the right to change our per diem rate in the future).

7. If you desire to purchase unapproved products or equipment, supplies, services, or products (other than Proprietary Products) from other than approved suppliers, we may require that our representatives be permitted to inspect, from time to time, the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay us an evaluation fee not to exceed the reasonable cost of the evaluation and testing.

8. You may not transfer the Franchise Agreement if your Iron 24 Center is not open and operating in compliance with that agreement. If you are an Area Developer, you may not transfer your area development rights unless your first Iron 24 Center is open and operating under your first Franchise Agreement and you are in compliance with your Development Schedule (in addition to all other terms of all agreements with us).

9. We may ourselves, or through an independent service, conduct inspections or a "mystery customer" quality control and evaluation program. You must participate in any such program, and we may require that you pay the then-current costs for the provision of this program, or the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

10. Reimbursement to us of all costs and expenses associated with your default of the Franchise Agreement, including but not limited to, collections costs, costs and commissions paid or due to a collection agency, reasonable legal fees, costs incurred in creating or replicating reports demonstrating Net Sales or other aspects of your business, court costs, expert witness fees, discovery costs and reasonable legal fees and costs on appeal, together with interest charges on all of the foregoing. In addition, if you breach the Franchise Agreement, we have the right (but not the obligation), to take such action as we deem appropriate to cure the breach on your behalf.

11. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to $300 per month for each month remaining in the Franchise Agreement had it not been terminated. If we terminate your Area Development Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to $300 per month for the number of months remaining in each Franchise Agreement Area Developer is required to sign with us under the Area Development Agreement had the Area Development Agreement not been terminated.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	**Iron 24 Center – Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee (Note 2)	$20,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Incorporation (Note 3)	$200 to $1,000	As arranged	As incurred	Government agencies, attorneys
Build-out and Permits (Note 4)	$5,000 to $15,000	As arranged	As arranged	Independent contractors, Government agencies, Lessor
Fixtures, Furnishings & Equipment (Note 5)	$20,000 to $155,000	As arranged	As incurred	Us, our Affiliate or Approved Suppliers
Computer Equipment and Technology (Note 6)	$4,450 to $8,150	As arranged	As incurred	Us, Approved Suppliers
Signage (Note 7)	$8,500 to $17,000	As arranged	As incurred	Approved Suppliers
Architect/ Engineering Fees (Note 8)	$0 to $5,000	As arranged	As arranged	Approved Suppliers
Rent, Security Deposits and Utility Deposits (Note 9)	$5,500 to $11,300	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees (Note 10)	$500 to $3,000	As arranged	As arranged	Various service providers
Insurance Deposit (Note 11)	$800 to $1,400	As arranged	As arranged	Insurance providers
Office Supplies (Note 12)	$500 to $1,500	As arranged	As incurred	Approved Suppliers
Training Expenses (Note 13)	$1,000 to $2,500	As arranged	As arranged	Airlines, Hotels, Restaurants, Local transportation providers, Your employees
Grand Opening Advertising (Note 14)	$8,000	As arranged	As arranged	Approved Suppliers
Additional Funds (for the initial 3 months of operations) (Note 15)	$17,500 to $40,000	As arranged	As needed	Approved Suppliers, Your employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT	**$91,950 to $288,850**			

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Explanatory Notes to Item 7 Table:

1. **General** – We do not impose or collect the fees or costs described in this Item 7, except for the items noted with "Us" in the column labeled "To Whom Payment is to be Made." Except as described below, all fees and amounts that you must pay to us or our affiliates are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do not offer our franchisees financing for any part of the initial investment. These figures reflect the anticipated initial costs based on a lease for a "vanilla shell" or "as-is" space for the operation of an approximately 2,500-square-foot Iron 24 Center. These figures are estimates only and based on our estimate of costs and market conditions prevailing as of the issuance date of this Disclosure Document. It is possible to significantly exceed costs in any of the areas above. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. Some states have laws that require staffing or operational requirements that will significantly increase the amounts you will have to spend to open and operating your Center. Our estimates do not include any finance charges, interest, or debt service obligations.

Our estimates in this Item 7 are based on our experiences in the fitness industry in Texas and Minnesota, our prototype for Franchised Centers (which as of the date of this Disclosure Document is under development), other franchise concepts our former affiliates have opened, and our knowledge of business practices and conditions in the general marketplace. They may vary from location to location. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Center (and which may extend for longer than the three-month "initial period" described in Note 15 of this Item 7). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Center, which will in turn depend upon factors such as the demographics and economic conditions in the area in which your Franchised Center is located, the presence of other fitness centers and Iron 24 Centers, public awareness of our business, your ability to operate efficiently and in conformance with the System, and competition.

2. **Franchise Fee** – The Franchise Fee shown in the chart above is uniform for all franchisees. When you sign the Franchise Agreement you must pay us a Franchise Fee of $20,000 for an Iron 24 Center, unless you are executing an Area Development Agreement under which you are committing to develop two (2) or more Franchised Centers, in which case you must pay us an Area Development Fee of $10,000 multiplied by the number of Iron 24 Centers to be developed under the Area Development Agreement. (Upon the signing of an Area Development Agreement, you must also sign the Franchise Agreement for the first Franchised Center to be developed under the Area Development Agreement, and pay the Franchise Fee for the first Franchised Center, subject to the credit described below.) If you meet your obligations under the Area Development Agreement and are not otherwise in default under any other agreement with us, as you sign Franchise Agreements for each Franchised Center developed under the Area Development Agreement, we will credit $10,000 of the Area Development Fee that you paid towards the Franchise Fee due for each Franchised Center. Additionally, if you are in compliance with the Area Development Agreement, then as you sign a Franchise Agreement for each Franchised Center that you develop to satisfy the Development Schedule, the Franchise Fee for those Franchised Centers will be the amount specified in the Area Development Agreement (currently $20,000 for an Iron 24 Center), regardless of whether our standard Franchise Fee is higher at the time you sign the Franchise Agreements for each Franchised Center. The

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Franchise Fee and Area Development Fee are non-refundable. See Item 5 for further details regarding the Franchise Fees and Area Development Fees. We do not provide financing for any of these fees.

3. **Business Licenses and Permits** – These are general estimates for permits and licensing that may be required by local and state governments, as well as forming and registering an entity to operate as the franchisee. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Franchised Center. You are solely responsible for obtaining all appropriate licenses and permits.

4. **Leasehold Improvements** – Our estimates are based on the assumption that the location is in a retail strip or in-line shopping center. Our estimate assumes you will lease a "vanilla shell" or "as is" space of approximately 2,500 square feet for your Franchised Center, which includes, at a minimum, rooms that will work as an office and a bathroom, concrete floors, demised exterior walls, HVAC, roof and utilities stubbed to the premises sufficient for an Iron 24 Center. Among other things, you will probably need to arrange for the following items to meet our standard plans and specifications: proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, painting, cabinetry, and the like. Costs will vary depending upon various factors, including: the geographic location of your business; the size of the premises; the availability and cost of labor and materials; and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. Lessors may, instead of constructing or installing some of the improvements itself, provide you with credits towards your future rent payments and/or a tenant improvement allowance. The low range of our estimates assumes that you obtain a tenant improvement allowance or that your landlord agrees to conduct a large portion of your buildout or that there is little additional work necessary to make the space suitable for an Iron 24 Center. The high end assumes some tenant improvement allowance, the need for restroom fixtures, and enhancements to the flooring. You may need to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises who is acceptable to us. Tenant improvement allowances may or may not be available through your landlord. Moderate and higher cost centers may require extensive interior renovations and additional equipment. The above figures do not include extensive renovations.

5. **Fixtures, Furnishings & Equipment** – As described in Item 8, you must purchase all fixtures, furnishings, equipment, and supplies that we specify as required for a Franchised Center. This estimate for an Iron 24 Center includes required fixtures and equipment, including (without limitation) fitness equipment, security equipment and installation of the security equipment (such as cameras and controlled access points), storage systems, and various trade dress and décor items and other fixtures, furnishings and equipment. The total cost of equipment will vary depending on various factors, including the size of your fitness center and the type of equipment you obtain. Our low estimate for equipment assumes you lease all of the fitness equipment and it is refurbished. The low end estimate therefore covers only the security deposit and other up-front costs for the fitness equipment and security equipment, plus other equipment and furnishings required for an Iron 24 Center. The high-end estimate assumes that you purchase the fitness equipment. In some areas, you may be required to have additional first aid supplies in addition to the cost of an automated external defibrillator, and our high estimate covers the cost of these supplies. All of these items must meet our specifications. You must also have this equipment installed at your Center. We may require you to purchase equipment from our approved vendors.

6. **Computer Equipment and Technology** – You must purchase or lease computers and related hardware for your business operations that meet our specifications, along with required third party software necessary to operate the Franchised Center. You must also purchase a sound system and televisions for your Center. The estimate includes the costs for the items that we currently require. We may periodically require franchisees to update their computer systems to our then-current standards. This item includes Electronic Systems Fees you will pay to us prior to your opening as described in Item 5; the low end assumes payment of these fees for five cameras and one controlled access point for a Center opening in four months,

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while the high end assumes payment of these fees for seven cameras and two controlled access points for a Center opening in seven months. See Item 11 under the heading "Computer System" for additional information.

7. **Signage** – This estimate includes the costs for interior and exterior signage, as applicable. The cost of signage may vary significantly depending on the location of your Franchised Center, market conditions and local codes. The low end of the range is for a box exterior sign and an interior signage package, while the high end assumes a hard structure lighted marquee or channel sign on the building plus an interior signage package. You must use our designated supplier for exterior signage. In some instances, the use of additional or larger signage may be possible, with our prior written approval. The costs of these optional items are not included in the line item total above.

8. **Architect/Engineering Fees** – For some Iron 24 Centers, you will be required to retain the services of a qualified architect and engineer, who we have approved or designated for use by our franchisees, to create plans based on our specifications for the remodeling or finish-out of your Iron 24 Center (see Item 11 under the subheading "Construction and Layout of Center" for additional information). The low end of the range assumes a clean, ready-to-use shell that requires no structural modifications and no improvements for which architectural services are required. The high end of the range assumes you will need to engage an engineer and/or architect to help plan the space and prepare construction documents.

9. **Rent, Security Deposits and Utility Deposits** – We have not projected any cost for the purchase of any land or building because we do not recommend you purchase a building for your Center. Instead, we recommend that you lease a site for your Center. Locations for Iron 24 Centers will typically need approximately 2,500 to 6,000 square feet. This estimate is based on a 2,500-square-foot Center and includes a security deposit, rent for the first month, and utility deposits (for example, telephone, electricity, gas and water). The low estimate in the chart is based on an annual rent of $12 per square foot, while the high estimate is based on an annual rent of $25 per square foot. We have assumed the security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord. The estimates assume that rent commences upon the Iron 24 Center's opening. You, however, will need to lease a space in advance to build-out the Iron 24 Center, although you may attempt to negotiate an abatement from the lessor for this period.

We anticipate that Iron 24 Centers will typically be located in in-line shopping centers, in high traffic urban and suburban areas, preferably near large residential communities. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the site for the Iron 24 Center, the terms of the lease, the desirability of the location, and your ability to negotiate with your lessor. If you decide to purchase the property for the location of your Iron 24 Center, you will incur additional costs that we cannot estimate.

10. **Professional Fees** – The estimate assumes that you will engage an attorney to help you negotiate your lease for a Franchised Center. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering. In addition, you may also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the requirements that may apply to your Franchised Center.

11. **Insurance Deposit** – The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately three months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Franchised Center. Your obligations with respect to insurance are more fully described in Item 8.

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12. **Office Supplies** – You must purchase an initial inventory of office supplies, including cleaning supplies.

13. **Training Expenses** – You will incur expenses associated with our training program. For this training program, we provide instructors and instructional materials at no charge for up to three persons, but you must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) and salary or compensation for your trainees. As to the amounts shown, the low end of the estimate assumes that you will be operating the Franchised Center and attend the training program yourself, and are within driving distance to the training location, and the high end assumes that you bring an employee, other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training. See Item 11 under the heading "Training" for additional details regarding the program.

14. **Grand Opening Advertising** – This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Franchised Center. You must spend a minimum of $8,000 on this advertising. A portion of this amount must be spent with our designated public relations firm for PR services surrounding your opening as well as our designated digital marketing vendor(s) for direct marketing. Additional details regarding advertising and promotion can be found in Item 11, under the heading "Advertising."

15. **Additional Funds** – You will need additional capital to support on-going expenses, such as payroll (excluding any salary you may take), rent, utility costs, marketing expenses, lease costs, maintenance and repair costs to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount shown in the chart above will be sufficient to cover on-going expenses for the start-up phase or initial period of the business, which we calculate to be three months. Such amounts are the minimum recommended levels and are only estimates. We relied on operations of other franchise concepts of our affiliates in estimating these amounts. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the products and services; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Center in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

Products and Other Purchases

General

All products and services sold or offered for sale at the Franchised Center must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all fixtures, furnishings, equipment (including fitness equipment), décor, supplies, inventory, computers and communications and security hardware and software, signs and materials as we may reasonably require in the Manuals or other written materials (collectively, "**Required Items**"). You must purchase all additional

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products and other Required Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing. You may not purchase, offer or sell any products or services, or use at your Franchised Center any products or Required Items, that we have not previously approved as meeting our standards and specifications. We may disapprove of products and suppliers based on our desire to consolidate System purchases through fewer suppliers. We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase such items exclusively from the designated supplier. Our parent and/or affiliates are currently required suppliers of specific items as described further below. We may add or delete from such items which must be purchased from us or our affiliates at any time. If we do not require that you purchase such items from us or our affiliate, you must purchase them from our designated vendor. It is anticipated that we and our affiliates will derive revenue from the purchase of such items.

If you desire to purchase unapproved products (except for Proprietary Products, which are discussed below) or Required Items from other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier, together with such evidence of conformity with our specifications as we reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge, not to exceed the reasonable cost of the evaluation and testing. We will use our best efforts to complete our review within six months. If we do not give our written approval within this six-month period, we will be deemed to have disapproved the proposed new supplier. We may, from time to time, revoke our approval of particular products, Required Items or suppliers if we determine, in our sole discretion, that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved product and/or cease to purchase from any disapproved supplier.

Our specifications either: (1) are contained in the Manuals; or (2) will be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specification and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Iron 24 Centers in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Iron 24 Centers. You may be required to sign agreements with such manufacturers, suppliers and vendors in order to receive such favorable pricing and/or rebates. We estimate that approximately 80% to 90% of your purchases or leases to start and operate your Franchised Center will be made from us, approved or designated suppliers or in accordance with our specifications. There are presently no purchasing or distribution cooperatives.

We and/or our affiliates reserve the right to receive rebates, payments or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Iron 24 Centers in the System. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. These rebates will generally range from 5% to 15% of the purchases you make from the vendor. There also

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may be some vendors that may pay us fixed rebates on supplies and services. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases. As we began offering franchises as of the date of this Disclosure Document, neither we nor any affiliates received any revenue as the result of required purchase or leases by our franchisees in our last fiscal year.

We provide no material benefits to franchisees based on their use of suppliers or sources we approve. No franchisor officer owns an interest in any supplier, other than us and our affiliates, FranchiCzar and Fundio.

Proprietary Products

The "**Proprietary Products**" are products or services that are or may be offered and sold in Iron 24 Centers, or may be used in the operation of Iron 24 Centers, that are manufactured or delivered in accordance with our proprietary specifications. In order to maintain the high standards of quality and uniformity associated with Proprietary Products sold at all Iron 24 Centers in the System, you must purchase Proprietary Products only from us or the suppliers and distributors that we designate in our sole discretion, and you may not offer or sell any Proprietary Products that have not been purchased from us, our affiliate or our designated supplier at or from the Franchised Center. We will have the right to periodically introduce additional Proprietary Products, or to withdraw Proprietary Products.

We currently have four (4) mandatory vendors that you are required to purchase Proprietary Products from prior to the commencement of operations of your Franchised Center and on an ongoing basis:

(1-2) FranchiCzar and Fundio, our affiliates, are our required suppliers of customer payment processing services (see Item 6 for more detail). You must obtain all billing and payment processing services from these companies. The agreement you must sign with FranchiCzar, which includes the Fundio services, is attached as Exhibit K to this Disclosure Document. In addition, FranchiCzar (a) is a designated vendor of required digital marketing services, and (b) may in the future offer certain optional services such as call center services;

(3) You must use our mandatory vendor for the design, manufacture and supply of your exterior signage for your Franchised Center, as described below; and

(4) In order to ensure brand consistency and integrity of messaging, you must use our mandatory vendor for public relations services as part of your Grand Opening Advertising Program.

In addition, you must use a required vendor for specific furniture, fixtures and design aspects of your Franchised Center.

Computer System

You will need to acquire (either by purchase or lease) the computer hardware and software system that we may specify from time to time. The computer hardware and software system refers to point of sale systems, hardware, software for the management and operation of the Franchised Center and for reporting and sharing information with us, and communication systems (including modems, cables, etc.).

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Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Center. Required insurance will include, but not be limited to, comprehensive general liability coverage, including employment practices liability coverage; personal injury coverage; automobile coverage, including underinsured or uninsured coverage; business interruption insurance for actual sustained loss insurance; and property damage coverage. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Iron 24 Centers and require that you obtain your insurance through the designated carrier(s).

Presently, for an Iron 24 Center we require you to maintain the following minimum insurance amounts: (1) builder's risk insurance during any periods of construction or renovation; (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Franchised Center; (3) worker's compensation and employer's liability insurance with limits of at least $500,000, or such higher amount as required by state law, as well as any other insurance required by law; (4) comprehensive general liability insurance with limits of at least $500,000 per occurrence, and $1,000,000 general aggregate, including the following coverages: employer's liability coverage; professional liability; personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least $300,000; (5) automobile liability insurance, including owned (if applicable), non-owned and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1,000,000 combined single limit; (6) excess/umbrella liability coverage with a limit of $2,000,000 that goes over general liability, auto liability, and worker's compensation; (7) insurance coverage required by your lease or sublease, or as we may otherwise require; and (8) business interruption insurance for actual sustained loss you sustain for 12 months or not less than fifty percent (50%) of annual Net Sales. We currently have a sole approved vendor for the provision of this insurance.

Leases

You will be required to find and obtain a suitable site for your Franchised Center. If you will occupy the premises of your Franchised Center under a lease, then you must, before executing the lease, submit the lease to us for our review and approval, which will not be unreasonably withheld. (If, however, pre-submission of the lease to us is not possible, then you may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if we do not approve it.) Your lease or sublease (or rider to the lease or sublease) must contain the lease terms and conditions that we may reasonably require in writing. Our current required Lease Rider is included as Exhibit G to the Franchise Agreement. We do not typically own the premises of your Franchised Center and lease it to you.

Design, Construction and Signage

We currently have designated a third-party supplier as our sole source of design services to prepare all designs and plans for Iron 24 Centers. This vendor is also currently the sole source of the required furniture and design elements for your Franchised Center (see Item 11 under the subheading "Construction

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and Layout of Center" for additional information). You must then hire a licensed architect to prepare all final required construction plans and specifications to suit the shape and dimensions of your site.

We also currently have designated a third-party supplier to design, manufacture and supply the exterior signage for your Franchised Center in accordance with our brand standards and specifications. You must engage this designated supplier to manufacture and design all exterior signage for your Franchised Center, and such other signage that we may require (see Item 11 under the subheading "Construction and Layout of Center" for additional information).

You must hire a qualified licensed general contractor, who is acceptable to us, to construct the Franchised Center.

We also may require you to materially refurbish the premises of your Franchised Center to conform to the System's then-current design, trade dress, color schemes and presentation of the Marks. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications and deadlines as we may specify as are standard to the System at the time. We may not require you to do so more than once every five (5) years, unless sooner required by your real estate lease. (Franchise Agreement, Section 8.22)

Advertising

You are required to adopt a Grand Opening Advertising Program in compliance with our requirements. As part of this program, you are required to use our designated vendors to provide public relations and digital marketing services consistent with our brand standards and other Iron 24 Centers in connection with the opening of your Franchised Center.

You are also required to spend a certain amount of local advertising and promotion per month in compliance with our current policies, which currently require you to spend it on digital marketing services with our designated vendor(s). We will have the right to review and approve all marketing plans and promotional materials that you propose to use, and we have certain digital marketing packages available that you may choose to purchase from us that count towards this requirement. You may not implement any marketing plan or use any promotional material without our prior written consent.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	1.2, 1.3 and 5 and Exhibit G	3.2, 3.3 and 5.1	7, 8 and 11
(b) Pre-opening purchases/leases	5, 7, 8.7, 8.8 and 8.9	3.2 and 3.3	7, 8 and 11

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Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(c) Site development and other pre-opening requirements	5	3	7, 8 and 11
(d) Initial and ongoing training	6	5.5	6, 7 and 11
(e) Opening	5	1.1, 3.1, 3.2, 3.4.4 and Exhibit A	7, 8 and 11
(f) Fees	2.2.10, 4, 8.7.2, 8.13, 8.26.3, 15.3.10 and 16	4 and 7.4	5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	3.3, 8, 10 and 13	5	8, 11 and 14
(h) Trademarks and proprietary information	7.7, 8.8, 8.11, 9, 10.2 and 11	1.4	13 and 14
(i) Restrictions on products/services offered	1.4, 7.7, 8.6, 8.7, 8.8 and 8.12	1	5, 8 and 16
(j) Warranty and customer service requirements	8 and 23	Not Applicable	16
(k) Territorial development and sales quotas	1 and Exhibit A	1, 3.1, 3.2 and Exhibit A	12
(l) On-going product/service purchases	8	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	5 and 8	Not Applicable	8
(n) Insurance	14	Not Applicable	7 and 8
(o) Advertising	4.4, 7.7 and 13	Not Applicable	6, 7, 8 and 11

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Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(p) Indemnification	21.4	12.4	Not Applicable
(q) Owner's participation / management and staffing	8.3 and 8.4	5.2	15
(r) Records/reports	12	5.3 and 5.4	6
(s) Inspections/audits	8.10 and 12.3	5.4	6 and 11
(t) Transfer	15	7	17
(u) Renewal	2.2	Not Applicable	17
(v) Post-termination obligations	11, 17 and 18.3	6.6 and 8	17
(w) Non-competition covenants	18	8	17
(x) Dispute resolution	27	16	17
(y) Liquidated damages	17.7	6.7	6
(z) Guaranty of franchise obligations (Note 1)	Personal Guaranty (which follows the Franchise Agreement)	Personal Guaranty (which follows the Area Development Agreement)	15

Note 1: Each individual who owns the franchisee, or who is an owner of any business entity that is the franchisee or area developer, in all cases along with their spouses, must sign a personal guaranty of all of the obligations of the franchisee or area developer. This personal guaranty also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement and Area Development Agreement.

ITEM 10
FINANCING

We do not generally offer, directly or indirectly, any financing to you to help you establish your business, except as set forth in this Item 10. We do not guarantee your notes, leases or other obligations. Our current lender relationships, as of the date of this Disclosure Document, are as follows:

1. Guidant Financial Group, Inc. ("**Guidant**") provides a service to our franchisees that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Guidant also can assist franchisees in applying for and packaging their Small Business Association ("**SBA**") loans. Guidant's products are available to single and multi-unit franchisees.

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401(k) Business Financing

Guidant offers a service that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Known as 401(k) business financing or Rollovers for Business Start-Ups, Guidant charges a fee of $4,995 for this service, which includes filing your business entity, designing a company 401(k) plan, helping you roll all (or a portion of) your existing retirement funds from your current retirement account to the new 401(k), and providing you with a consultation with a tax attorney to review the transaction. In addition, they provide ongoing, annual administration of your 401(k) plan. The form of agreement you would sign with them is attached as Exhibit L-1.

SBA Loans

Guidant can also help you secure an SBA loan for your business. A fee of $2,500 applies, however, this does come with a fully refundable guarantee should Guidant not be able to secure you funding. You may also use 401(k) business financing as the down payment for your SBA loan through Guidant.

Guidant further offers unsecured financing services. This program allows you to secure capital pending credit score and debt utilization. Minimum credit score of 680 is required. There is 9% fee of whatever amount you draw against for this service.

Guidant can also assist franchisees in equipment leasing. New locations require 10% down. Interest rates vary from 6.99 to 13.90% depending on credit score. Lease term up to 60 months. New business requires a credit score of 700 or higher while existing business require accredit score of 650 or higher. There is a fee associated with this service and it can range from $250 to $500.

Guidant also can assist franchisees in obtaining a Portfolio Loan. This is a way to leverage your non-retirement stocks, bonds and mutual funds up to 80% of their value. Portfolio must be worth at least $85,000, but is generally not used unless there are non-retirement funds in excess of $200,000. No minimum credit score required. The fee associated with this program is 2-3% of the value of the collateral. Start-up locations can also elect to defer payments for up to 2 years.

Loan terms for these programs, including interest rate, term, monthly payments, required collateral and penalties for default depend on credit income, loan maturity, and a variety of other factors as assessed by Guidant or individual lenders.

We have a separate agreement with Guidant whereby we are paid $1,000 as a referral fee for each client we refer to Guidant that engages in their retirement rollover program. There is no direct affiliation between us and Guidant.

2. Benetrends, Inc. ("**Benetrends**") provides a program to our franchisees that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Benetrends also brokers (SBA loans. Benetrends' products are available to single and multi-unit franchisees.

401(k) Business Financing - Rainmaker Program

Benetrends offers a program (the "**Rainmaker Program**") to our franchisees which allows you to utilize the full value of your pre-tax retirement accounts for the purchase and capitalization of your business without tax or penalty consequences. The Rainmaker Program can also be used to make the necessary cash injections required by SBA lenders. However, unlike a loan, the retirement funds used to capitalize the business do not need to be paid back to the plan, and no term, interest rate, security, or default terms apply. Benetrends also offers an additional program called the **("Rainmaker Advantage Plan")** or RAP Program

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for short. This is a program designed for people funding the business primarily with cash (as opposed to retirement money) and potentially with SBA financing. You may use up to the full value of an eligible account to finance your business. Benetrends charges a fee of $4,995 for this service, which includes filing for your business entity and obtaining your FEIN number, setting up the proper legal documentation for your entity, plan, and adoption agreement, providing an initial stock valuation for the new entity, and unlimited consultation with a retirement plan analyst on the design and compliance requirements. Benetrends also provides ongoing retirement plan services designed to keep your plan in compliance for a fee of $145 per month. The form of agreement you would sign with them is attached as Exhibit L-2.

We have a separate agreement with Benetrends which requires that we are paid $1,000 as a referral fee for each client that engages in their retirement rollover program. There is no direct affiliation between us and Benetrends.

U.S. SBA 7(a) Loan Program (SBA)

Benetrends offers a program assisting franchisees in finding financing of up to $5,000,000. Benetrends collects a consulting fee of $2,500 or 2% of the loan amount, whichever is less. The consulting fee is refundable should Benetrends not be able to find funding. The financing includes furniture and fixtures, equipment, office equipment, supplies, signage, start-up working capital, owner occupied commercial real estate and leasehold improvements, based on credit approvals. Financing is offered as a loan that requires a range of down payment ranging from 15% to 30% of total project costs, depending on your credit strength. The length of the loan terms vary from 120 to 300 months. Interest rates typically vary up to a maximum of Wall Street Journal Prime Rate plus 2.75% per annum, based on your financial and credit worthiness. At a minimum the banks will require all business assets as collateral. Based on the banks' internal policies along with the SBA policies additional personal collateral may be required. The amount of your loan payments will depend on the amount financed, the term of the loan, and the interest rate. You have the ability to prepay your loan without penalty for loans with a term of less than 15 years. For loans with terms of 15 years or more the prepay penalty during years 1, 2, and 3 are 5%, 3% and 1% respectively**.**

Loan terms for this program, including, penalties for default, depend on credit income, loan maturity, and a variety of other factors as assessed by Benetrends or individual lenders.

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

Under the Franchise Agreement. Before you open your Franchised Center:

1. We will approve or deny your proposed site for each Franchised Center. (Franchise Agreement, Section 5.1)

2. We will provide you with our standard initial training program for up to three (3) persons. (Training is also discussed below in this Item 11 under the subheading "Training.") We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement. At our option, we may provide this training one time if you have multiple agreements with us or are an existing franchisee that has already completed our initial training program. (Franchise Agreement, Sections 3.2, 6)

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3. We will, at no charge to you, provide you or a design firm with our specifications for an Iron 24 Center, including the interior design elements, fixtures, equipment, furnishings, and signs. You will be responsible for engaging an architect to adapt the specifications to your site (with our approval as described below under the heading "Construction and Layout of Center"), and for hiring a contractor to build your Franchised Center in accordance with those approved plans. You are also responsible to engage our designated signage vendor to manufacture and supply the exterior signage for your Franchised Center. You are responsible for compliance with all local and other requirements relating to the plans, including for example, zoning, code, and compliance with the Americans with Disabilities Act. (Franchise Agreement, Sections 3.1, 5.3)

4. We will lend you, for the duration of the Franchise Agreement, copies of the Manuals (which is more fully described in Item 14 below). (Franchise Agreement, Section 3.3)

5. We will assist you in developing a Grand Opening Advertising Program (which is more fully described in Item 7 of this Disclosure Document and in this Item under "Advertising"); you will be responsible for the cost of this program, as well as engaging our designated vendors for public relations services and digital marketing services as part of your Grand Opening Advertising Program. (Franchise Agreement, Sections 3.5, 13.3)

6. We will provide you a list of our then-current designated or approved suppliers. (Franchise Agreement, Section 3.8)

Under the Area Development Agreement: Before you open the Franchised Center:

1. We will approve or deny your proposed site for each Franchised Center. (Area Development Agreement, Section 3.2)

2. We will provide you with site selection guidelines, including our minimum standards for Iron 24 locations, and other site selection counseling and assistance as we deem appropriate. (Area Development Agreement, Section 5.1)

We are not required by the Franchise Agreement or Area Development Agreement to furnish any other service or assistance to you before the opening of your Franchised Center.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Center:

1. We may conduct, as we deem advisable, periodic inspections of the Franchised Center and may provide evaluations of suppliers you propose. (Franchise Agreement, Sections 3.7, 8.7.2, 8.7.3)

2. We may make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 6.5 and 6.7)

3. We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Center, as we deem advisable. (Franchise Agreement, Section 3.6)

Except as described above, the Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Center. As the Area Development Agreement relates to the development of Franchised Centers, the Area Development Agreement does not

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require us to provide any other assistance or services during the operation of the Franchised Center, except as described above.

Site Selection

Under the Franchise Agreement – Section 5 of the Franchise Agreement

If you do not already possess a location that we find acceptable when you sign our Franchise Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site. We do not typically own the premises of your Franchised Center and lease it to you. You will be given up to four (4) months in which to find and secure a suitable site (through lease or purchase) for your Iron 24 Center within the area that we designate as your site selection area. Your Iron 24 Center must be opened and operating under our requirements within eight (8) months following the execution of the Franchise Agreement (the "**Required Opening Date**"). After eight (8) months from the date you sign the Franchise Agreement, you must begin paying the Minimum Royalty Fee to us, whether or not your Iron 24 Center is open.

If you do not comply with the requirements to find and secure a suitable site for your Iron 24 Center within four (4) months or do not comply with your Required Opening Date, we may terminate the Franchise Agreement and you will receive no refund of any fees paid.

In order for us to review a proposed site for approval, you must submit to us a completed site approval package in a form specified by us, which includes a trade area and site marketing research analysis (prepared by a company approved in advance by us), an option contract, letter of intent or other evidence satisfactory to us that describes your favorable prospects for obtaining such site, photographs of the site, demographic statistics, and other such other information or materials that we may reasonably require (collectively, the "**SAP**"). The factors we take into consideration when reviewing a site include the location and proximity of the site to residential neighborhoods, the demographics of the surrounding area, whether the site is on a main thoroughfare, size (including ceiling height) of the proposed premises, sufficient parking availability, and the types of fitness facilities and other activities in the vicinity of the proposed site. We will have twenty (20) business days after we receive the SAP from you to approve or disapprove, in our sole discretion, the proposed location for the Franchised Center. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site. The lease or purchase agreement must be submitted to us for our approval prior to its signing.

Under an Area Development Agreement - Sections 3.2 and 3.3 of the Area Development Agreement

Under the Area Development Agreement, you will have the right to develop, open, and operate multiple Iron 24 Franchised Centers. Each Franchised Center must be developed and opened according to our then-current system standards and other approval requirements. We will determine or approve the location of future Franchised Centers and any protected territories for those Franchised Centers based on our then-current system standards for sites and protected territories.

For each proposed site for an Iron 24 Center to be developed under the Area Development Agreement, you must also submit to us a completed SAP. We will have 20 business days after we receive the SAP from you to approve or disapprove, in our sole discretion, the location for the Franchised Center. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site.

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Under the Franchise Agreement and Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. Our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Center or for any other purpose, or as to any expected level of sales, revenues or profits. Approval by us of the site indicates only that the site meets the minimum requirements for an Iron 24 Center location.

If you sign an Area Development Agreement, you must sign individual Franchise Agreements and begin operating an Iron 24 Center under each of those agreements within the time provided for in the Development Schedule attached as Exhibit A to that agreement.

Construction and Layout of Center – Section 5.3 of the Franchise Agreement

You are responsible for developing your Franchised Center. We will provide our standard specifications for a Center, including interior design elements, to you or to a design firm or architect that we have designated or approved (as described below). These specifications are not intended, with respect to your particular location, to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations for persons with disabilities. We may from time to time change our specifications (including our specifications for the interior and exterior appearances) of Iron 24 Centers, and develop or approve variations on our specifications to reflect locations with differing sizes, structural elements, visibility and other relevant factors.

As of the date of this Disclosure Document, we have designated a supplier of design services to prepare designs and plans for Iron 24 Centers in accordance with our specifications. You must locate and employ a qualified architect who is licensed in your jurisdiction and who is reputable and experienced in providing architecture services to adapt these designs to final construction documents. You will be responsible for paying for all design and architecture services.

You will be solely responsible for ensuring that such plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You must submit final plans and specifications to us for approval before construction of the Franchised Center begins. Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of such plans to access compliance with our design standards for Iron 24 Centers, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Iron 24 Centers. Additionally, prior to opening the Franchised Center (and prior to renovating it after the initial opening), you must sign and deliver to us an ADA certification certifying to us that the Franchised Center and any proposed renovations comply with the ADA.

Opening of Franchised Center

We estimate that the time period between the signing of the Franchise Agreement and the start of operations of an Iron 24 Center will be approximately four to seven months. Factors that may affect this time period include your ability to obtain financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures and signs. Unless we agree in writing otherwise, you must conduct the opening of your Franchised Center within eight months following the execution of the Franchise Agreement. In the event you do not open within this time frame we may terminate the Franchise Agreement and you will receive no refund of any fees paid. If your Franchised Center is not open on or before eight months from the date you sign the Franchise Agreement, you must begin paying the Minimum Royalty Fee. (Franchise Agreement, Sections 4.3 and 5.4).

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We also may require you to materially refurbish the premises of your Franchised Center to conform to the System's then-current design, trade dress, color schemes and presentation of the Marks. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications and deadlines as we may specify as are standard to the System at the time. We may not require you to do so more than once every five years, unless sooner required by your real estate lease. (Franchise Agreement, Section 8.22).

Computer System – Section 7 of the Franchise Agreement

You will need to acquire (either by purchase or lease) the computer hardware and software system (a "**Computer System**") that we may specify from time to time. (Franchise Agreement, Section 7.1) The term Computer System refers to a point of sale systems, hardware, software for the management and operation of the Franchised Center and for reporting and sharing information with us, and communication systems (including modems, cables, etc.). Our requirements may fluctuate as does the price and availability of new computer technology. As of the date of this Disclosure Document our requirements are described below. We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

Currently, the Computer System includes:

- One laptop computer, with specifications in accordance with the Manuals
- Operation System: Microsoft Windows 10, or more recent version
- Software: FranchiCzar Operating Software, Microsoft Office Suite (including 2 Microsoft 365 E3+ Accounts), QuickBooks Online and Google Chrome
- Multi-Function Printer
- iPad or compatible tablet (Optional)

The current cost to purchase the required Computer System is approximately $500 to $2,000, which is subject to change. The Computer System will assist you in the operation of your Franchised Center. The types of data to be generated or stored in the Computer System include sales, labor, guest counts and access, payment information, and employee information and statistics. The current cost of QuickBooks Online is $20 to $40 per month, which is also subject to change. The current cost of the optional iPad is approximately $400. You must also purchase the hardware required for a building security system, including camera surveillance and controlled access systems. The cost of your building security system ranges from $5,000 to $7,000, including installation. These estimates assume you already own a personal mobile device.

We will also require that you use our online Operating System operated by our affiliate, FranchiCzar (that we have currently designated, but reserve the right to change) and payment processing services of our affiliate, Fundio, for all customer payment processing, and the payment of all fees and other amounts owed to us under the Franchise Agreement. See Item 6 for additional details.

You are required to use other proprietary software that we designate from time to time. You may be required to sign a license or maintenance agreement, either with us or a vendor, in order to obtain and use any such software. Neither we, our affiliates or a third party has any contractual obligation to provide maintenance, repairs, updates or upgrades to your Computer System. We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for the

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communications and information systems. You will be required to maintain a high-speed internet connection at all times (i.e., T1 line, DSL, cable modem).

We charge an Electronic Systems Fee for products and services related to informational technology, including email, website management, security and access systems, and access to our electronic support systems and operating software, and the payment processing services provided by FranchiCzar, in connection with the Franchised Center and System, which you must begin to pay on the first day of the calendar month following the month in which you sign your Franchise Agreement. As of the date of this Disclosure Document, the monthly Electronic Systems Fee is $250 plus $50 for each security camera and $100 for each controlled access point in your Franchised Center, however we reserve the right to increase this fee to cover our costs in provision of such services.

You must provide us with unimpeded online access to your Computer System, including access to your QuickBooks Online account activity (which may require re-authorization in the FranchiCzar Operating System from time to time), in the manner, form, and at the times requested by us. You must also provide us with access to any video or camera feed of the Franchised Center.

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Iron 24 Centers. You must periodically make any upgrades and other changes to the Computer System and required software that we may request in writing. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. We estimate that the cost of any optional or required maintenance, and software and hardware upgrades will range from $100 to $500 annually. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services.

You must provide us with independent access to your Computer System in the form and manner that we may request. We reserve the right to download sales, other data and communications from your Computer System. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet or intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet or intranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign. (Franchise Agreement, Section 7.5)

Advertising

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require that you spend certain amounts on advertising and promotion each month during the term of the Franchise Agreement as set forth below. We do not currently maintain a System advertising fund, and instead currently impose a local advertising requirement on our franchisees, although we reserve the right to establish one in the future. Therefore, we are not currently obligated to spend any amount on advertising programs, whether within your market or territory or otherwise. (Franchise Agreement, Section 13.1)

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Additionally, although we currently do not require it, we may require you to pay us a General Advertising Fee of up to 5% of Net Sales. This is a fee you pay to us in consideration of marketing and promotional efforts that we undertake to benefit the IRON 24™ brand and the System. This fee is not a contribution to an independent advertising fund or a pooled advertising program. A financial statement summarizing the expenditures of funds collected through the General Advertising Fee for the prior fiscal year will be made available to franchisees upon request after April 15 of each year. Payments are accounted for as general operating revenue, and funds collected through the General Advertising Fee are not audited. Amounts paid to us in the form of the General Advertising Fees may be used by us to pay our expenses relating to marketing and promotion. The General Advertising Fee is uniform for all franchisees. Corporate and affiliate-owned Iron 24 Centers are not required to pay General Advertising Fees.

We will direct all programs financed by the General Advertising Fee and will have sole control over the creative concepts and materials used and their geographic, market, and media placement and allocation. We may use an in-house advertising staff that assists in developing advertising materials and pay for that staff (and overhead) using the General Advertising Fees. We also may contract with various outside regional and national advertising agencies and third-party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We may use the General Advertising Fees to advertising locally, regionally, nationally or internationally in print materials, on radio or television, on the internet, and through social media channels, according to our sole discretion. We intend to use the General Advertising Fees to maximize recognition of the IRON 24™ brand and System as a whole, but we have no obligation to ensure that we make marketing expenditures in or affecting any particular geographic area, or to ensure that expenditures across geographic areas are proportionate in any way. We do not expect to spend the General Advertising Fees for advertising that is primarily a solicitation of franchise sales except for the portion, if any, of our Website specifically relating to soliciting franchisees.

Each month, you must spend the greater of (i) three percent (3%) of your Net Sales for the preceding month, or (ii) $1,000, on local advertising and promotion. We have the right to require that you provide us with proof that these funds were spent. In the event that you fail to spend at least the greater of (i) three percent (3%) of your Net Sales for the preceding month, or (ii) $1,000, on local advertising and promotion in any calendar month, we have the right to, at our option, spend it on your behalf and remit the amount from you. Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Manuals with respect to all advertising and promotional requirements. Currently, we require you to spend the minimum local advertising and promotion amount on digital marketing with our designated vendor(s). You may not use any advertising or promotional plans that we have not approved in writing. If you wish to use your own advertising materials or promotional plans, you must submit to us samples of all proposed plans and materials. If we do not give our written approval within five (5) days, we will have been deemed to have disapproved the plans or materials. We also reserve the right to require you to discontinue the use of any previously approved advertising, sales, or marketing materials. (Franchise Agreement, Section 13.2)

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision. At our request, you must include certain language in your local advertising materials, such as “Franchises Available” and our Website address, telephone number, social media icons, and addresses.

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As discussed in Item 7, in addition to (and not in place of) the local advertising obligation, you must prepare and conduct a grand opening advertising program (the "**Grand Opening Advertising Program**"), in accordance with our specifications for that program. All materials used in the Grand Opening Advertising Program will be subject to our prior written approval, as described above. The Grand Opening Advertising Program is considered "local advertising and promotion" (but does not count toward your monthly local advertising requirement) and is therefore subject to the restrictions described below. We will work with you to develop your Grand Opening Advertising Program for your market. As part of your Grand Opening Advertising Program, you must use our designated public relations firm for public relations services surrounding the opening of your Franchised Center as well as our designated digital marketing vendor(s) for direct marketing. (Franchise Agreement, Section 13.3)

We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion. We do not have a local or regional advertising cooperative franchisees must participate in or an advertising council comprised of franchisees, nor do we have the rights to require you to participate in a local or regional advertising cooperative in the franchise agreement.

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to advertising and promotion related directly to the Franchised Center, and unless otherwise specified, consists only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. Local advertising and promotion does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

Advisory Council

We may, in our discretion, form an advisory council made up of franchisees and franchisor representatives. Franchisees will be chosen to participate in the council based on, in part, performance and length of time in the System. The advisory council will act in an advisory capacity only and will not have decision making authority. Once an advisory council has been formed we reserve the right to change or dissolve it at any time. (Franchise Agreement, Section 8.27)

Websites

We have established and currently maintain a website for the purpose of marketing and promoting Iron 24 Centers, the services they offer, and the System (the "**System Website**"). If we include information about your Franchised Center on the System Website, you must give us the information and materials that we periodically request concerning the Franchised Center and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify Standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

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All advertising, marketing, and promotional materials that you develop for the Franchised Center must contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain, or authorize any other website, other online presence or other electronic medium that mentions or describes the Franchised Center displays any of the Proprietary Marks without our prior approval. You may not conduct commerce or directly or indirectly offer or sell any products or services relating to the Franchised Center using any website, another electronic means or medium, or otherwise over the internet without our consent. Nothing limits our right to maintain websites other than the System Website or to offer and sell products and services under the Proprietary Marks from the System Website, another website, or otherwise over the internet without payment or other obligation.

You must comply with our System standards regarding the use of social media in your Franchised Center's operation, including prohibitions on your and the Franchised Center's employees posting or blogging comments about the Franchised Center or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, SnapChat, TikTok, or Instagram, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We currently allow you to have limited access to a Facebook page that we will establish for your Franchised Center. We will maintain the administrative access for the Facebook page, but you may post content on the Facebook page consistent with our standards. From time to time, we may require you to post certain content on the Facebook page for your Franchised Center. If we determine, in our sole discretion, that your use of the Facebook page is not in accordance with our Standards, we may revoke your access to the Facebook page for your Franchised Center. You will be permitted to indicate your association with your Franchised Center on LinkedIn, but you may not, either directly or implicitly, indicate that you are associated in an employment, agency, ownership, or contractor role with us, our parent, or any of our affiliates. (Franchise Agreement, Sections 7.6 and 7.7)

Training

Before your Franchised Center opens, you must complete all of our initial training requirements. If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements. For any new franchisees, we may provide this training in-person or virtually. You (or, if you are other than an individual, your Designated Principal) and, if applicable, the Manager must attend and successfully complete, to our satisfaction, the initial training program that we offer at a location designated by us, which may be a physical location or may be provided virtually. Additionally, we may also require that other persons, up to a total of three individuals (including the Designated Principal and the Manager), attend and successfully complete the initial training program. We will bear the cost of the initial training program (instruction and required materials) for up to three people. You will be responsible to pay our then-current cost for additional persons to attend which is currently $500 per additional person. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this Disclosure Document). If we require that additional or replacement managers attend and complete the initial training program, we reserve the right to require you to pay our per diem training charges. (Franchise Agreement, Section 6)

If you (or the Designated Principal) or the Manager cease active employment in the Franchised Center, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program promptly following cessation of employment of said individual, provided that you may train Managers in accordance with Section 6.3 of the Franchise Agreement. The replacement Designated Principal and any required managers shall complete the initial training program as soon as is practicable, but in no event later than any time periods we specify from time to time in the Manuals and

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otherwise in writing. Replacement managers must be trained according to our standards and you may be permitted to provide such training directly, provided you meet our then-current standards for qualifying as a training facility. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

If you request additional training or assistance, and if we desire to provide this training or assistance in our sole discretion, we may charge you our then-current per diem training fee, which is currently $500 per day per trainer, for the additional training provided; and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers. Additionally, if we determine, in our sole discretion, that you are in need of additional supervision or supplemental training, we may require that you receive such training from us, in which case you agree to also pay our then-current per diem training fee which is currently $500 per day per trainer for the additional training provided; and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training. You will also be responsible to pay your costs associated with such additional, including lodging, food and travel arrangements as applicable. We may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary), and we do so, then we may charge you our then-current per diem training fee for that training we provide, and you will also have to reimburse us for all out of pocket costs and expenses described above. (See Item 6 regarding the costs.). (Franchise Agreement, Section 6.7)

The subjects covered in the initial training program are described below. The instructional materials for our training program include the Manuals and training guides. Initial training programs are scheduled throughout the year on an as needed basis. We have the right to change the duration and content of our initial training program.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-Training Materials	10	4	As we determine, online, at Iron 24 headquarters (currently in Pearland, Texas) and/or at designated Iron 24 Centers
Operations, FCOS and Systems	40	10	As we determine, online, at Iron 24 headquarters (currently in Pearland, Texas) and/or at designated Iron 24 Centers

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Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Post-Training Materials	10	30	As we determine, online, at Iron 24 headquarters (currently in Pearland, Texas) and/or at designated Iron 24 Centers
Total	**60**	**44**	

The initial training, as described above, is currently conducted, at our discretion, virtually, at our headquarters in Pearland, Texas, at designated Iron 24 Centers, or a combination of these. The initial training must be completed at least thirty (30) days in advance of the scheduled opening of your Franchised Center.

Currently, our training program is administered by Shauna Garner, the President of our affiliate, FranchiCzar, who has over 20 years of experience in training. Other members of our training staff may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working in the fitness industry, or in business ownership or operation, and will have at least six (6) months experience working within our System or in the area in which they are engaged to train.

You should also attend a first aid training program in your local market. These programs are offered in most major markets through health insurance companies and the American Red Cross at nominal charges.

Manuals

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals, the table of contents of which are provided in Exhibit I, and which Manuals are subject to change in our discretion. Our Manuals contain a total of 291 pages. (Franchise Agreement, Section 10)

ITEM 12
TERRITORY

Franchise Agreement and Area Development Agreement

The following describes how Territories and Development Areas are determined, and the rights that you and we have under the Franchise Agreement and the Area Development Agreement.

Your Franchise Agreement will specify the site that will be the Approved Location for your Franchised Center. Your Franchise Agreement may also specify a protected territory ("**Territory**"). The size and scope of the Territory will be contained in the Franchise Agreement and will be determined, in our sole discretion, during the site confirmation process based upon various factors such as (a) whether the Approved Location is an urban area or a suburban area; (b) the number of residents living in the area; and (c) the demographics of the area; among other factors. Because each location is different, the Territory for each Franchised Center will be different; however, each Territory will generally range from a ½ mile to 3

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mile radius around the Franchised Center. The Territory is not the same area as, and will be smaller than, the site selection area in which you will be looking for a site.

Under the Franchise Agreement - General

Except as described below, there are no circumstances under which the Territory may be altered prior to expiration or termination of the Franchise Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, or other factors, other than compliance with the Franchise Agreement and other agreements you have with us and our affiliates. We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises or territory.

As a result of our reserved rights described below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Neither we nor our affiliates have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell, but we may do so in the future.

You are permitted to provide off-premises services with our consent only within your Territory and are prohibited from providing off-premises services outside of your Territory, unless we allow you to do so by providing you with written permission. If you are in compliance with your Franchise Agreement and if you receive a bona fide referral for an event or location outside of your Territory, and it is not in the protected territory of another Iron 24 franchisee, we may provide you permission to service that event or location, on the condition that we may require you to cease providing services outside of your Territory upon notice from us.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Center, or if the Franchised Center is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials required in order to consider your request, including information concerning the proposed new location for the Franchised Center and our fee (see Item 6). You must also meet certain other requirements, including but not limited to being in compliance with the Franchise Agreement, and the location meets our then-current requirements for an Iron 24 Center and is located within your Territory. We require you to sign a new Franchise Agreement as a condition of relocating. If we permit you to relocate, you will not pay a new Franchise Fee if you are required to sign the new Franchise Agreement. (Franchise Agreement, Section 8.26)

You may sell products and services to retail customers and prospective retail customers who live anywhere but who choose to visit your Iron 24 Center. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio, or through gorilla marketing tactics, that are targeted to customers and prospective customers located outside of your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell the products to any business or other customer for resale purposes.

Although we have not done so, we and our affiliates may sell products and services under the Proprietary Marks within and outside your Territory through any method of distribution other than an Iron 24 Center, including sales through such channels of distribution as wholesalers, distributors, mail order, toll free numbers, the Internet, catalog sales, telemarketing or other direct marketing sales (together,

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"**alternative distribution channels**"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels.

We have not yet established and do not presently intend to establish other franchises or company-owned or affiliate-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Under the Area Development Agreement

If you sign an Area Development Agreement, the Area Development Agreement will specify the Development Area within which you may locate potential sites for Iron 24 Centers, subject to our approval. The size and scope of the Development Area will be determined on a case-by-case basis, as we mutually agree upon prior to signing the Area Development Agreement and will be specified in the Area Development Agreement. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Iron 24 Centers, your financial and other capabilities, the number of Iron 24 Centers you wish to develop and our development plans.

Under the Area Development Agreement, you will have the right to develop, open, and operate multiple Iron 24 Franchised Centers. Each Franchised Center must be developed and opened according to our then-current system standards and other approval requirements. We will determine or approve the location of future Franchised Centers and any protected territories for those Franchised Centers based on our then-current system standards for sites and protected territories.

As a result of our reserved rights described below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Area Development Agreement, if you comply with the obligations under the Area Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, an Iron 24 Center in the Development Area. Except as described below, there are no circumstances under which the Area Development Agreement may be altered prior to expiration or termination of the Area Development Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, or other factors, other than compliance with the Area Development Agreement and Development Schedule.

If you do not comply with a deadline under the Development Schedule, you will be in default under the Area Development Agreement. Accordingly, we may terminate your Area Development Agreement, or we may elect to take one or more of the following actions: (a) cease crediting the Area Development Fees paid towards the Franchise Fees for the Franchised Centers to be developed (see Item 5 for explanation of credits); (b) eliminate the territorial protection or reduce the scope of protections granted to you within the Development Area; (c) reduce the scope of the Development Area; (d) reduce the number of Franchised Centers for you to develop; or (e) retain all Area Development Fees paid to us. If we elect to take one or more of these actions, we will provide written notice of such action, and the Area Development Agreement will be amended to reflect the changes.

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Our Reserved Rights under the Franchise Agreement and Area Development Agreement

Under both the Franchise Agreement and Area Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Iron 24 Centers operating under the Proprietary Marks and the System selling the products and services at any location outside your Territory or Development Area regardless of their proximity to, or potential impact on, your Territory or Development Area or Franchised Centers.

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Center, at any location within or outside the Territory or Development Area, notwithstanding their proximity to the Territory or Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Center.

(3) We may sell and distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers to third parties or through mail order, toll free numbers, the Internet, mobile or temporary locations, or other alternative channels of distribution, including those products bearing our Proprietary Marks, provided that distribution within the Territory or Development Area shall not be from an Iron 24 Center established under the System that is operated from within the Territory or Development Area.

(4) We may produce, offer and sell, and grant others the right to produce, offer and sell, certain products offered at Iron 24 Centers and any other goods displaying the Proprietary Marks or other trademarks through alternative distribution channels.

(5) We may develop and license the use of, at any location, any marks, other than the Proprietary Marks, in connection with the operation of a program or system which offers or distributes products or services which are the same or similar to those offered under the System on any terms and conditions which we deem appropriate.

(6) We may be acquired (regardless of the form of transaction) by a business identical or similar to the System.

(7) We may engage in any other business activity not expressly prohibited by the Franchise Agreement or Area Development Agreement, as applicable.

Additionally, during the term of your Area Development and Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, Iron 24 Centers then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Territory or Development Area, notwithstanding their proximity to the Territory or Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Center, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as an Iron 24 Center under the System at any location. If we operate and/or license others to operate any Acquired Business, then the following terms apply:

(1) If you are in compliance with your agreements with us, then for any Acquired Business that is both located within your Territory or Development Area and is purchased by us for operation by us or our affiliates, we may, in our discretion, offer you the option to purchase and operate, as an Iron 24

Center, those Acquired Business(es). If we choose to offer you this option, we will provide you with written notice of our purchase of such Acquired Business(es), the terms and conditions applicable to your option to purchase such Acquired Business(es), and such other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following: (a) the purchase price for such Acquired Business will be based on our purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below), then the purchase price will be determined using a ratio equal to the sales of such Acquired Business during the prior year, as compared to the total sales during such year of all Acquired Businesses that we purchased in the same transaction; and (b) the requirement that you enter into our then-current form of System franchise agreement for the Acquired Business, provided that you will not be required to pay an initial franchise fee for an Acquired Business. If you do not elect to purchase, or fail to complete the purchase of, an Acquired Business, we shall have the right to operate the Acquired Business ourselves, or through its affiliates or third-party licensees or franchisees, under any trade name or trademarks including the Proprietary Marks.

(2) If an Acquired Business is part of a system of retail businesses that we acquire (an "**Acquired System**"), we may also license to a licensee or franchisee under the Acquired System additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Territory or Development Area.

ITEM 13
TRADEMARKS

The Franchise Agreement will grant you rights to use the Proprietary Marks in connection with your Franchised Center. We have applied for registration of the Marks in the following chart on the Principal Register of the United States Patent and Trademark Office (the **"USPTO"**):

Proprietary Mark	Serial Number	Filing Date
IRON24	97014583	September 7, 2021
Iron 24	97054488	September 30, 2021

While such applications are in process, currently we do not have a federal registration for these Proprietary Marks. Therefore, these Proprietary Marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed or intend to file all required affidavits and renewals for the Marks listed above. There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state.

We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others

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to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs, except that you will bear the salary costs of your employees.

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Mark. We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify, replace, substitute, or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any cost attributable to or associated with any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchised Center.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Iron 24 Centers, including the Manuals, advertising and promotional materials, our website, and similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. You do not have any rights to compensation because of any discontinuance or modification.

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Any and all copyrights and all rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

Confidential Information

Except for the purpose of operating the Franchised Center under a Franchise Agreement and developing Franchised Centers under an Area Development Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Franchised Center that may be communicated to you or that you may learn by virtue of your operation of an Iron 24 Center. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Center. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement and the Area Development Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Designated Principal, and other owners to sign confidentiality and non-competition agreements or obligate themselves to such covenants. Additionally, we may require your employees with access to confidential information to sign confidential agreements. Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Center. These agreements must be in a form that we find satisfactory, and in some cases include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants. Our current forms of these agreements are included as Exhibit E to the Franchise Agreement (which is included in this Disclosure Document, see Item 22).

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manuals. We will lend you one set of our Manuals for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement. The Manuals may consist of multiple volumes of printed text, computer disks or other files, other electronic stored data, videotapes, and periodic updates or bulletins that we issue to franchisees and others operating under the System. The Manuals may be provided in an electronic format. You must treat the Manuals, all supplements and revisions to the Manuals, including bulletins and the information contained in them, as confidential, and must use best efforts to maintain this information (whether in written or electronic format) as secret and confidential. You must not reproduce these materials (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such) or otherwise make them available to any unauthorized person. The Manuals will remain our sole property. You must keep them in a secure place. If you operate an Iron 24 Center, you must keep any physical copies of them on the Franchised Center premises.

We may revise the contents of the Manuals, and you must comply with each new or changed standard. We will notify you in writing of revisions to the Manuals. You must ensure that the Manuals are

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kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies that we maintain at our home office will control.

You must disclose to us all ideas, concepts, methods, techniques and products conceived of or developed by you, your affiliates, owners, or employees during the term of the Franchise Agreement relating to the development and/or operation of your Franchised Center. Under the Franchise Agreement you grant to us a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, and techniques in all Iron 24 Centers in the System.

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

If the Designated Principal or your Manager fails to satisfactorily complete our initial training program or if your Manager is no longer an employee, you must designate a replacement Designated Principal or Manager as soon as is practical, who is acceptable to us and who satisfactorily completes our training program. We may require you to reimburse our training costs (see Items 6 and 11).

Under the Franchise Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Center. Additionally, you must designate either yourself, your Designated Principal (if you are an entity) or a Manager (subject to our reasonable approval) to assume the responsibility for daily supervision and operation of the Franchised Center. Your Designated Principal must own at least a ten percent (10%) beneficial interest in you, if you are an entity. We will have the right to rely upon the Designated Principal and/or your Manager to have the responsibility and decision-making authority regarding your business and operations.

Under the Area Development Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the development of the Franchised Centers, as well as the operations of the Franchised Centers that are developed under the Area Development Agreement. We will have the right to rely upon the Designated Principal to have the responsibility and decision-making authority regarding your business and operations.

Under both the Franchise Agreement and the Area Development Agreement, if you are other than an individual, we require that all your owners and their spouses personally sign a guaranty, indemnification and acknowledgement (in the forms included as Exhibit C to the Franchise Agreement and Exhibit C to the Area Development Agreement), guarantying and acknowledging the legal entity's covenants and obligations under that agreement. Additionally, your employees with access to confidential information or who have received training may be required to sign agreements to maintain confidentiality under the System (our current form for this agreement is included in Exhibit E to the Franchise Agreement). See Items 14 and 17 for a further description of these obligations.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing and which conform to our standards and specifications (see also Item 8 above). We have the right, without limit, to change the types of authorized products and services. You must carry and sell all products (and offer and sell all services) that we authorize, unless we otherwise provide our written approval.

You may only sell to retail customers at or from the Approved Location. If you wish to engage in off-premises activities, you may apply in writing for our approval to do so. If we provide our approval,

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you may engage in these activities provided that you comply with the programs, policies terms, and conditions that we may establish from time to time. Additionally, you may not engage in any other type of sale, offer to sell, or distribution of products or services, except with our prior written consent. For example, you may not sell products by catalog, mailing, toll free numbers, or by use of the Internet.

You must not use the Franchised Center for any other business or operation or for any other purpose or activity at any time without first obtaining our prior written consent. You must keep the Franchised Center open and in normal operation for the minimum hours and days as we may specify. You must operate the Franchised Center in strict conformity with the methods, standards, and specifications as we prescribe in the Manuals or otherwise in writing.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Under the Franchise Agreement

Provision	Section(s) in Franchise Agreement	Summary
(a) Length of the franchise term	2.1	The Franchise Agreement will expire 10 years from its effective date.
(b) Renewal or extension of the term	2.2	You may apply to operate the Franchised Center for 2 additional renewal terms of 10 years each, if the conditions below are met prior to renewal.
(c) Requirements for franchisee to renew or extend	2.2	You must give us written notice of your election to renew at least 6 months but not more than 12 months prior to the end of the term of the Franchise Agreement. Additional conditions are satisfaction of monetary obligations, compliance with Franchise Agreement and any other agreement between you and us or our affiliates, execution of a mutual release in a form prescribed by us, of any and all claims against us and our affiliates, and their related parties, execution of a new Franchise Agreement on our then-current form of agreement, payment of a renewal fee, and others; see Sections 2.2.1 - 2.2.10 in Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights. These terms are subject to state law.
(d) Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement under any grounds permitted by applicable law.

Provision		Section(s) in Franchise Agreement	Summary
(e)	Termination by franchisor without cause	Not Applicable	
(f)	Termination by franchisor with cause	16	We may terminate the Franchise Agreement under certain circumstances as set out below, including default under the Franchise Agreement, bankruptcy, abandonment, and other grounds; see Section 16 of the Franchise Agreement. We may also terminate the Franchise Agreement if you are in default of any other agreement you have with us and our affiliates, including an Area Development Agreement. Under the U.S. Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.
(g)	"Cause" defined – defaults which can be cured	16.4 and 16.5	Upon the occurrence of any of the following events of default, we may, at our option, terminate the Franchise Agreement by giving written notice of termination stating the nature of the default to you at least 7 days prior to the effective date of termination, and if you do not cure such default within the specified time (or such longer period as applicable law may require) the Franchise Agreement will terminate without further notice to you, effective immediately upon the expiration of the 7 day period (or such longer period as applicable law may require): If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due; If you refuse to permit us to inspect the Premises, or the books, records, or accounts of your upon demand; If you fail to operate the Iron 24 Center during such days and hours specified in the Manuals; or If you fail to afford our unimpeded access to your Computer System and Required Software in violation of the Franchise Agreement. Upon any other default which is not non-curable, we may at our option terminate the Franchise Agreement by giving written notice of termination stating the nature of the default to you at least 30 days prior to the effective date of termination, and if you do not cure such default within the specified time (or such longer period as applicable law may require) the Franchise Agreement will

Provision	Section(s) in Franchise Agreement	Summary
		terminate without further notice to you, effective immediately upon the expiration of the 30-day period (or such longer period as applicable law may require).
(h) "Cause" defined – non-curable defaults	16.2 and 16.3	You will be in default under the Franchise Agreement, and all rights granted to you therein will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer; if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Center will be sold after levy thereupon by any sheriff, police officer, or bailiff. You will be deemed to be in default and we may, at our option, terminate the Franchise Agreement and all rights granted thereunder, without affording you any opportunity to cure the default, effective immediately by giving written notice to you (in the manner provided under Section 24 of the Franchise Agreement), upon the occurrence of any of the following events: If you fail to complete all pre-opening obligations and to open the Franchised Center within the required time limits; If you or any of your owners are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably

Provision	Section(s) in Franchise Agreement	Summary
		likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith; If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Center; If your action or inaction, at any time, results in the loss of the right to possession of, or access to, the Franchised Center, or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Center is located; If you or any owner purports to transfer any rights or obligations under the Franchise Agreement or any interest to any third party in a manner that is contrary to the terms of the Franchise Agreement; If you knowingly maintain false books or records, or knowingly submit any false statements or reports to us; If, contrary to the terms of the Franchise Agreement, you disclose or divulge the contents of the Manuals or other confidential information provided to you by us; If you fail to comply with the covenants not to compete; If you misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if you otherwise operate the Franchised Center in a manner that materially impair the reputation or goodwill associated with the System, Proprietary Marks, or our rights therein; If you, after curing a default pursuant to the Franchise Agreement, commit the same default again, whether or not cured after notice; If you commit 3 or more defaults under the Franchise Agreement in any 12-month period, whether or not each such default has been cured after notice; If you at any time cease to operate for 24 hours, or otherwise abandon the Franchised Center, unless such closure is approved in writing by us, or excused by force majeure; If Franchisee (i) fails to obtain, (ii) is unable to renew, or (iii) has revoked or loses for any reason, a proper visa granting Franchisee the right to enter and work in the United States, or if Franchisee is otherwise unable, for any reason whatsoever, to enter and work in the United States; or If you breach any material provision of the

Provision	Section(s) in Franchise Agreement	Summary
		Franchise Agreement which breach is not susceptible to cure. We may also terminate the Franchise Agreement if you are in default of any other agreement you have with us and our affiliates, including an Area Development Agreement.
(i) Franchisee's obligations on termination/non-renewal	17 and 8.30	Upon termination or expiration of the Franchise Agreement, all rights granted thereunder to you will terminate, and: You will immediately cease to operate the Franchised Center, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of us in connection with the promotion or operation of any other business; You will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks and all other distinctive forms, slogans, signs, symbols, and devices associated with the System; You will take such action as may be necessary to cancel any business name registration or equivalent registration obtained by you which contains any Proprietary Mark, and you will furnish us with evidence satisfactory to us of compliance with this obligation within 5 days after termination or expiration of the Franchise Agreement; You will, at our option, assign to us any interest which you have in any lease, sublease, or other agreement for your former Franchised Center; In the event we do not elect to exercise our option to acquire the lease or sublease for, or other rights to, your former Franchised Center, you must make such modifications or alterations to your former Franchised Center immediately upon termination or expiration of the Franchise Agreement as may be necessary to distinguish the appearance of your former Franchised Center from that of an Iron 24 Center; You will cease use of all telephone numbers and any domain names, websites, e-mail addresses, social media accounts, and any other identifiers, whether or not authorized by

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Provision	Section(s) in Franchise Agreement	Summary
		us, used by you while operating the Franchised Center, and will promptly execute such documents or take such steps necessary to remove reference to the Franchised Center from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to us; You will promptly pay all sums owing to us and our affiliates; You will refrain from disparaging us and the System, You must, at your own expense, immediately deliver to us the Manuals and all other records, correspondence, and instructions containing confidential information relating to the operation of the Franchised Center; We have the option, to be exercised within 30 days after termination, to purchase from you any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of your related to the operation of the Franchised Center, at the lesser of your cost or fair market value. Additionally, upon termination of the Franchise Agreement by reason of a default by you, you agree to pay to us within 10 days after the effective date of termination, in addition to the amounts owed thereunder, liquidated damages equal to $300 per month remaining in the Franchise Agreement had it not been terminated.
(j) Assignment of contract by franchisor	15.1	There are no limits on our right to assign the Franchise Agreement.
(k) "Transfer" by franchisee defined;	15.2	You will not, without our prior written consent, transfer, pledge or otherwise encumber: (a) your rights and/or obligations under the Franchise Agreement; or (b) any material asset of you or the Franchised Center. If you are a corporation, you must not, without our prior written consent, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities must become an owner under the Franchise Agreement, if we approve. If you are a partnership, limited partnership, or limited liability company, your owners may not, without our prior written consent, admit

Provision		Section(s) in Franchise Agreement	Summary
			additional owners, remove owners, or otherwise materially alter the powers of any owner. An owner may not, without our prior written consent, transfer, pledge or otherwise encumber any ownership interest of the owner in you.
(l)	Franchisor approval of transfer by franchisee	15.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m)	Conditions for franchisor approval of transfer	15.3 and 15.4	We will not unreasonably withhold any consent. However, if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would: (a) have the effect of changing control of the franchisee entity; (b) result in the assignment of your rights and obligations under the Franchise Agreement; or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Center, we have the right to require any or all of the following as conditions of our approval: All of your monetary obligations and all other outstanding obligations to us, its affiliates, and the approved suppliers of the System have been satisfied in full, and the Franchised Center must be open and operating for business; You may not be in default under any provision of this Franchise Agreement, any other agreement between you and us, or our affiliate, any approved supplier of the System, or the lessor (or sublessor or party otherwise controlling) of the Premises; Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as we may request) must have executed a release in a form satisfactory to us of any and all claims against us and our affiliates and their respective officers, directors, agents, and employees, except those claims and causes of action which cannot be released at law; The transferee of an owner must be designated as an owner and each transferee who is designated an owner must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as an

Provision	Section(s) in Franchise Agreement	Summary
		owner under the terms of the Franchise Agreement and guaranteeing the terms of the Franchise Agreement; The transferee must demonstrate to our satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as we may request) meets our then-current application qualifications; At our option, the transferee (and, if the transferee is not an individual, such Principals of the transferee as we may request) must execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by us for the business franchised, which agreements will supersede the Franchise Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of your Franchise Agreement including, without limitation, higher and/or additional fees; If so requested by us, the transferee, at its expense, must upgrade the Franchised Center, and other equipment to conform to the then current standards and specifications of new Iron 24 locations then being established in the System, and must complete the upgrading and other requirements within the time specified by us. The transferor remains liable for all of the obligations to us in connection with the Franchised Center that arose prior to the effective date of the transfer and must execute any and all instruments reasonably requested by us to evidence such liability; The transferee (and, if the transferee is not an individual, such owners of the transferee as we may request) and the transferee's manager (if applicable) must, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as we may reasonably require; You must pay a transfer fee to compensate us for our expenses incurred in connection with the transfer; the

Provision		Section(s) in Franchise Agreement	Summary
			transferor must agree to comply with personal covenants. Subject to state law.
(n)	Franchisor's right of first refusal to acquire franchisee's business	15.6	If you or any owner desires to accept any *bona fide* offer from a third party to purchase you, any material asset of you, or any direct or indirect interest in you, you or such owner must promptly notify us, and must provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that we may reasonably request to supplement or clarify information provided to us with the written transfer request), to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party.
(o)	Franchisor's option to purchase franchisee's business	17.9	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase assets of the Franchised Center. We may acquire the assets of your Franchised Center by giving you notice within 30 days of termination/expiration, at the lesser of your cost or fair market value.
(p)	Death or disability of franchisee	15.7 and 15.8	Your estate must transfer your interest in the Franchised Center to a third party we have approved, within a year after death or 6 months after the onset of disability.

Provision		Section(s) in Franchise Agreement	Summary
(q)	Non-competition covenants during the term of the franchise	18.2 and 8.30	During the term of the Franchise Agreement, except as otherwise approved in writing by us, you may not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity: Divert or attempt to divert any present or prospective business or customer of any Iron 24 Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a 1% interest in (as owner or otherwise) any Competitive Business. A "**Competitive Business**" shall be considered (i) any business offering fitness-related services or products; and/or (ii) any business that is the same as or similar to an Iron 24 Center. Includes prohibition on disparaging us or the System.
(r)	Non-competition covenants after the franchise is terminated or expires	18.3 and 8.30	Includes a 2 year prohibition similar to "q" (above), where you agree you will not either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) at the Approved Location for the Franchised Center, (ii) within a radius of 20 miles of the Franchised Center, or (iii) within a radius of 20 miles of any other Iron 24 Center in operation or under construction on the effective date of termination or expiration. You also are prohibited from subleasing, assigning, or selling your interest in any lease, sublease, or ownership of the former Franchised Center's location or assets to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business. Includes prohibition on disparaging us or the System.

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Provision		Section(s) in Franchise Agreement	Summary
(s)	Modification of the agreement	25	Except for those permitted to be made unilaterally by us as set out in the Franchise Agreement, no amendment, change, or variance from the Franchise Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
(t)	Integration/merger clause	25	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the representations made in this Franchise Disclosure Document.
(u)	Dispute resolution by arbitration or mediation	27.2 and 27.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business. (Currently in Pearland, Texas.) (Subject to applicable state law.)
(v)	Choice of forum	27.4	All litigation proceedings must be conducted in (or closest to) the county of our then current principal place of business. (Currently in Pearland, Texas.) (Subject to applicable state law.)
(w)	Choice of law	27.1	Texas (subject to applicable state law).

[Remainder of page intentionally left blank]

Under the Area Development Agreement

Provision		Section(s) in Area Development Agreement	Summary
(a)	Length of the franchise term	2 and Exhibit A	Unless sooner terminated in accordance with the provisions of the Area Development Agreement, the Area Development Agreement will commence on the date of the Area Development Agreement and will expire on the earlier of (i) the date you execute the final Franchise Agreement in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Centers to be located in the Development Area as set forth in the Development Schedule; or (ii) the final date set forth in the Development Schedule.
(b)	Renewal or extension of the term	Not Applicable	
(c)	Requirements for area developer to renew or extend	Not Applicable	
(d)	Termination by area developer	Not Applicable	You may terminate the Area Development Agreement under any grounds permitted by law.
(e)	Termination by franchisor without cause	Not Applicable	
(f)	Termination by franchisor with cause	6	We may terminate the Area Development Agreement under certain circumstances as set out below and at law. We may also terminate the Area Development Agreement if you are in default of any other agreement you have with us and our affiliates, including a Franchise Agreement.

Provision	Section(s) in Area Development Agreement	Summary
(g) "Cause" defined – curable defaults	6.4	If you fail to comply with any material term and condition of the Area Development Agreement, such action shall constitute a default, allowing us to terminate the Area Development Agreement by giving written notice of termination stating the nature of such default to you at least 30 days prior to the effective date of termination; but you may avoid termination by curing the default to our satisfaction, and by promptly providing proof thereof to us within the 30-day period. Any default by you under the Franchise Agreement may be treated as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.
(h) "Cause" defined – non-curable defaults	6.1, 6.2 and 6.3	You will be deemed to be in default under the Area Development Agreement, and all rights granted thereunder will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of yours or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if final judgment remains unsatisfied or of record for thirty (30) days or longer; if you are dissolved; if execution is levied against any asset of you or your Franchised Centers; if suit to foreclose any lien or mortgage against any asset of you or your Franchised Centers is instituted against you and not dismissed within 30 days; or if any asset of yours or any of your Franchised Center is be

Provision	Section(s) in Area Development Agreement	Summary
		sold after levy thereupon by any sheriff, police officer, or bailiff. You will be deemed to be in default and we may, at our option, terminate the Area Development Agreement and all rights granted thereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you, upon the occurrence of any of the following events of default: If the Franchise Agreement for any Franchised Center operated by you (or an entity affiliated with you) is terminated; if you or any owner is convicted of a felony, a crime involving moral turpitude, or any other crime or action that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein; if you or any owner purports to transfer any rights or obligations under the Area Development Agreement or any of the assets of yours in a manner that is contrary to the terms of the Area Development Agreement; if any Franchised Center operated by you (or an entity affiliated with you) at any time ceases to operate for 24 hours, or is otherwise abandoned, unless such closure is approved in writing by us, or excused by *force majeure*; if you misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System; or if you breach any material provision of the Area Development Agreement, which breach is not susceptible to cure. We may also terminate the Area Development Agreement if you are in default of any other agreement you have with us and our affiliates, including a Franchise Agreement. Your failure to meet a deadline under the Development Schedule will constitute a default under the Area Development Agreement. If you fail to comply with the Development Schedule, we, in our discretion, may terminate the Area Development Agreement.

Provision		Section(s) in Area Development Agreement	Summary
(i)	Area developer's obligations on termination/non-renewal	6.6	Upon termination or expiration of the Area Development Agreement, you will have no right to establish or operate any Iron 24 Center for which a Franchise Agreement has not been executed by us at the time of termination or expiration. Our remedies for your breach of the Area Development Agreement include, without limitation, your loss of your right to develop additional Franchised Centers under the Area Development Agreement, and our retention of all area development fees paid or owed by you. In addition, in the event the Area Development Agreement is terminated due to a breach by you, you will be required to pay us damages for breach of that agreement.
(j)	Assignment of contract by franchisor	7.1	There are no limits on our right to assign the Area Development Agreement.
(k)	"Transfer" by area developer – defined	7.2	You understand and acknowledge that we have granted the rights hereunder in reliance on the business skill, financial capacity, and your personal character or your owners if you are not an individual. Accordingly, neither you nor any owners shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in you (including any direct or indirect interest in a corporate or partnership Area Developer), your rights or obligations under the Area Development Agreement, or any material asset of your business, without our prior written consent, which shall be subject to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with the Area Development Agreement that we deem applicable to a proposed transfer under the Area Development Agreement.
(l)	Franchisor approval of transfer by area developer	7.2	We have the right to approve transfers.

Provision		Section(s) in Area Development Agreement	Summary
(m)	Conditions for franchisor's approval of transfer	7.2 and 7.3	Unless waived, a transfer of the Area Development Agreement is conditioned on, among other factors, the requirement that the proposed transfer of the Area Development Agreement be made in conjunction with a simultaneous transfer of all existing Franchise Agreements to the same approved transferee. Additionally, your first Iron 24 Center under your first Franchise Agreement must be open and operating.
(n)	Franchisor's right of first refusal to acquire area developer's business	Not Applicable	
(o)	Franchisor's option to purchase area developer's business	Not Applicable	
(p)	Death or disability of area developer	5.2	In the event your Designated Principal dies or becomes incapacitated, you must designate a new Designated Principal that owns at least a 10% ownership interest in you, subject to our approval.
(q)	Non-competition covenants during the term of the franchise	8.2	During the term of the Area Development Agreement, except as otherwise approved in writing by us, you may not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity: Divert or attempt to divert any present or prospective business or customer of any Iron 24 Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; employ or seek to employ any person who is at that time employed by us or by any other Iron 24 franchisee or area developer, or otherwise encourage such person to leave his or her employment; or own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a 1% interest in (as owner or otherwise) any Competitive Business.

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Provision		Section(s) in Area Development Agreement	Summary
(r)	Non-competition covenants after the franchise is terminated or expires	8.3	Includes a 2 year prohibition similar to "q" (above), where you agree you will not either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) within the Development Area, or (ii) within a radius of twenty (20) miles of any other Iron 24 Center in operation or under construction on the effective date of termination or expiration.
(s)	Modification of the agreement	15	Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from the Area Development Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
(t)	Integration/merger clause	15	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the representations made in this Franchise Disclosure Document.
(u)	Dispute resolution by arbitration or mediation	16.2 and 16.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business (currently in Pearland, Texas). (Subject to applicable state law.)
(v)	Choice of forum	16.4	All litigation proceedings must be conducted in (or closest to) the county of our then current principal place of business (currently in Pearland, Texas). (Subject to applicable state law.)
(w)	Choice of law	16.1	Texas (subject to applicable state law).

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

See Exhibit B, the State Specific Addendum, for special state disclosures.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marty Flanagan, Iron 24 Franchising, LLC, 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, (877) 903-2927, ext. 809, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019, 2020 and 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned or Affiliate-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	**2019**	**0**	**0**	**0**
	2020	**0**	**0**	**0**
	2021	**0**	**0**	**0**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019, 2020 and 2021

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
TOTAL	**2019**	**0**
	2020	**0**
	2021	**0**

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Table 3
Status of Franchised Outlets
For years 2019, 2020 and 2021

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Totals	**2019**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 4
Status of Company-Owned or Affiliate-Owned Outlets
For years 2019, 2020 and 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	**2019**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	0-1	0

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State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0-1	0
Georgia	0	0-1	0
Idaho	0	1	0
Illinois	0	0-1	0
Indiana	0	1	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	0	0
Louisiana	0	1	0
Maryland	0	1	0
Massachusetts	0	0-1	0
Michigan	0	0-1	0
Minnesota	0	0-1	0
Mississippi	0	0	0
Missouri	0	0-1	0
Nebraska	0	1	0
Nevada	0	0-1	0
New Hampshire	0	0	0
New Jersey	0	0-1	0
New Mexico	0	0-1	0
New York	0	0-1	0
North Carolina	0	1	0
Ohio	0	0-1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	0-1	0
Rhode Island	0	0-1	0
South Carolina	0	1	0
Tennessee	0	0-1	0
Texas	0	0-1	2-5

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State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
Utah	0	1	0
Vermont	0	0	0
Virginia	0	0-1	0
Washington	0	0-1	0
West Virginia	0	0	0
Wisconsin	0	0-1	0
Wyoming	0	0	0
Total	**0**	**14-34**	**2-5**

All numbers are as of December 31st for each year.

A list of the names of all franchisees and area developers and the addresses and telephones numbers of their franchises will be provided in Exhibit F to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or area developer who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit G to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

There are currently no franchise advisory councils and no other trademark-specific franchisee organizations associated with the System. During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H is an initial audit report and audited financial statements for the period from our inception through January 10, 2022. We have only been in existence since August 2021. Therefore, we do not yet have any audited financial statements or financial statements for any other periods or years. We are also attaching our interim financial statements as of February 28, 2022. THE INTERIM FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM. Our fiscal year end is December 31st.

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ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit C – Franchise Agreement, including the following agreements:

- Guaranty, Indemnification, and Acknowledgement (as Exhibit C)
- Authorization for Prearranged Payments (as Exhibit D)
- Non-Disclosure Agreement for Employees (as Exhibit E)
- Telephone Number Assignment and Power of Attorney (as Exhibit F)
- Lease Rider (as Exhibit G)
- Franchisee Disclosure Acknowledgment Statement (as Exhibit H)

Exhibit D – Area Development Agreement, including the following agreements:

- Guaranty Indemnification and Acknowledgment (as Exhibit C)
- Area Developer Certification (as Exhibit D)

Exhibit E – Non-Use and Non-Disclosure Agreement

Exhibit J – General Release

Exhibit K – FranchiCzar Agreement

Exhibit L – Financing Documents

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

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EXHIBIT A
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA Department of Financial Protection & Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 Agent: California Commissioner of Department of Financial Protection & Innovation	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent: Banking Commissioner
GEORGIA Secretary of State Corporations Division 2 Martin Luther King , Jr. Dr. SE Suite 315, West Tower Atlanta, GA 30334	**ILLINOIS** Office of Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General
HAWAII Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2744 Agent: Hawaii Commissioner of Securities	**INDIANA** Indiana Secretary of State Securities Division Franchise Section Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State

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LOUISIANA State of Louisiana Secretary of State Commercial Division P.O. Box 94125 Baton Rouge, LA 70804-9125 (225) 925-4704	**MARYLAND** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner
MICHIGAN Michigan Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 525 West Ottawa Street Lansing, Michigan 48909 (517) 335-7622 Agent: Michigan Department of Commerce Corporations, Securities & Commercial Licensing Bureau 2407 North Grand River Avenue Lansing, Michigan 48906	**MINNESOTA** Minnesota Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 Agent: Minnesota Commissioner of Commerce
NEBRASKA Nebraska Department of Banking and Finance 1526 "K" Street, Suite 300 P.O. Box 95006 Lincoln, Nebraska 68508-2732 (402) 471-3445	**NORTH CAROLINA** Department of the Secretary of State Business Opportunities 2 South Salisbury Street Raleigh, North Carolina 27601-2903 PO Box 29622 Raleigh, NC 27626-0622 (919) 814-5400
NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax Agent: Secretary of State 99 Washington Avenue Albany, NY 12231	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner

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OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	**RHODE ISLAND** Division of Securities Rhode Island Dept. of Business Regulation John O. Pastore Complex – Bldg. 69 1 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527 Agent: Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA Registered Agents, Inc. 6650 Rivers Avenue, Suite 100 Charleston, SC 29406	**SOUTH DAKOTA** Division of Securities Department of Labor & Regulation 124 S. Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563 Agent: Director of South Dakota Division Securities
TEXAS Secretary of State Statutory Documents Section 1019 Brazos Austin, Texas 78711 (512) 475-1769	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8700 Agent: Director, Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507	**WISCONSIN** Division of Securities Department of Financial Institutions 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 (608) 266-1064 Agent: Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705

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EXHIBIT B
STATE SPECIFIC ADDENDUM

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF IRON 24 FRANCHISING, LLC

The following are additional disclosures for the Franchise Disclosure Document of Iron 24 Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 - 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 - 20043, the franchise disclosure document for Iron 24 in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. California Corporations Code § 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner of Financial Protection and Innovation of the California Department of Financial Protection and Innovation may by rule or order require, prior to a solicitation or a proposed material modification of an existing franchise.

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. Item 3, "Litigation," shall be amended by the addition of the following language:

> Neither Franchisor, nor any person or franchise broker in Item 2 of the franchise disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in this association or exchange.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:
>
> The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law will control.
>
> The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C.A. §§ 101, *et seq.*

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The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise agreement. This provision may not be enforceable under California law.

The franchise agreement requires the application of the laws of Texas. This provision may be unenforceable under California law.

The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law.

The franchise agreement requires binding mediation or arbitration. The mediation or arbitration will occur within five (5) miles of our then current principal place of business. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

5. OUR WEBSITE AT WWW.IRON24.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at WWW.DFPI.CA.GOV.

6. THE FRANCHISE HAS BEEN/WILL BE REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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CONNECTICUT

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operating of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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GEORGIA

1. The company selling a business opportunity or the seller shall collect no more than 15 percent of the purchase price. The balance of the purchase price shall be paid into an escrow account, established with a bank or an attorney, which is agreed upon by both parties. The balance in escrow shall be paid to the company 60 days after the date the purchaser commences operation of the business or upon complete compliance with the terms of the contract, whichever happens first.

2. Iron 24 Franchising, LLC's principal business address is 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584. Its agent of service is the Georgia Secretary of State, Corporations Division, 313 West Tower, 2 Martin Luther King, Jr. Drive, Atlanta, Georgia 30334-1530.

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HAWAII

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

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

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

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Franchise Investment Law of Hawaii are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ILLINOIS

Item 17 of this Disclosure Document is modified to include the following paragraphs:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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INDIANA

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Texas law will abrogate or reduce any of your rights as provided for under Indiana law.

Item 8, "Restrictions on Sources of Products and Services," is amended by the addition of the following language:

> Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires arbitration to be held in the office of the American Arbitration Association within five (5) miles of our then current principal place of business, arbitration held under the Franchise Agreement or must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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MARYLAND

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

> The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum:

> You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

5. The following paragraph is added at the end of Item 5:

> Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement. You may contact the state agency listed in Exhibit A for more information.

6. The Franchise Agreement, Area Development Agreement, and Franchisee Disclosure Questionnaire are amended to state: "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.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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MINNESOTA

1. **Trademarks**. The following sentence is added to the end of Item 13:

"Provided you have complied with all provisions of the Area Development Agreement and Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g)."

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

"With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement and (2) consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minn. Rules Part 2860.4400D, any general release of claims that you or a transferor may have against us or our owners, officers, managers, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Act and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. § 80C.21 and Minn. Rules Part 2860.4400J prohibit us from requiring litigation to be conducted outside the state of Minnesota, requiring waiver of a jury trial, or requiring you 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 your rights as provided for in Minnesota Statutes and/or Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the state of Minnesota. Minn. Rules Part 2860.4400J states that you cannot consent to us obtaining injunctive relief. However, we may seek injunctive relief and a court will determine if a bond is required.

Minn. Stat. § 80C.17, Subd. 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues."

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Franchise Disclosure Document.

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NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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NORTH CAROLINA

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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NORTH DAKOTA

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. The "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation is deleted and replaced with the following:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), mediation will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

> You must sue us in Texas, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

> Except as otherwise required by North Dakota law, the laws of the State of Texas will apply.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and 17(w), entitled Choice of law:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a multi-unit Area Development Agreement or franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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SOUTH CAROLINA

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17.h., entitled "Cause" defined – non-curable defaults:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Development Agreement or 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.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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WASHINGTON

1. The following risk factor is added to the page entitled, "Special Risks to Consider About *This* Franchise":

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

2. The following paragraphs are added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any

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employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

3. Item 17(q) (Franchise Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

4. Item 17(q) (Area Development Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

5. Item 17(r) (Franchise Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

6. Item 17(r) (Area Development Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

7. Item 17(u) (Franchise Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

8. Item 17(u) (Area Development Agreement Table) of this Disclosure Document is amended to provide that this provision is subject to state law.

9. The following paragraph is added at the end of Item 5:

Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under the Franchise Agreement. You may contact the agency listed in Exhibit A for more information.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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WISCONSIN

The following paragraphs are added at the end of Item 17:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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EXHIBIT C
FRANCHISE AGREEMENT

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IRON 24 FRANCHISING, LLC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

APPROVED LOCATION

_____

EFFECTIVE DATE OF AGREEMENT

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EXHIBIT E – NON-DISCLOSURE AGREEMENT FOR FRANCHISEE'S EMPLOYEES
EXHIBIT F – TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY
EXHIBIT G – LEASE RIDER
EXHIBIT H – FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT
EXHIBIT I – STATE ADDENDA

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into on this _____day of _____, 20___ (the "**Effective Date**"), by and between:

- Iron 24 Franchising, LLC, a Texas limited liability company, whose principal place of business is 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584 ("**Franchisor**"); and

- _____a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at ____ _____ _____ _____ ("**Franchisee**").

BACKGROUND:

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of technology-driven fitness centers that offer low-cost gym memberships, with no contracts or sales pitches, providing 24-hour access to a full array of top-quality equipment in clean, convenient, and welcoming spaces that operate under the Proprietary Marks (as defined below) (each a "**Iron 24 Center**").

B. The distinguishing characteristics of the System include distinctive interior design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Iron 24™" and other marks (the "**Proprietary Marks**").

D. Franchisee desires to enter into the business of operating an Iron 24 Center under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith.

E. Franchisee acknowledges that it has read this Agreement and the Franchisor's Franchise Disclosure Document and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Franchisor's high standards of quality and service and the uniformity of those standards at all Iron 24 Centers in order to protect and preserve the goodwill of the Proprietary Marks.

F. Franchisee has applied for a franchise to own and operate an Iron 24 Center at the location identified in Exhibit A, and such application has been approved by the Franchisor in reliance upon all of the representations made herein.

NOW, THEREFORE, the parties agree as follows:

1. **GRANT**

1.1 **Grant and Acceptance**. Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to: (a) establish and operate an Iron 24 Center (the "**Franchised Center**"), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) operate the Franchised Center only at the Approved Location (as defined in Section 1.3 below) in accordance with this Agreement.

1.2 **Site Selection Area**. Franchisee shall, on or before the Site Selection Date as defined in Section 5.1, locate and secure, through lease or purchase, subject to Franchisor's approval, the Approved Location (as defined below) for the Franchised Center within the area described in Exhibit A (the "**Site Selection Area**"). Franchisee shall be limited to locating and securing a site for the Franchised Center within this Site Selection Area. Franchisee agrees and acknowledges that the Site Selection Area is solely for the purpose of locating a site, and shall in no way be considered an exclusive or protected area for the Franchised Center. In the case that another franchisee of Franchisor has been granted franchise rights to operate an Iron 24 Center within the Site Selection Area, Franchisee's Approved Location must not encroach upon such franchisee's specified territory.

1.3 **Approved Location**. Franchisee shall develop and operate the Franchised Center only at the site specified in Exhibit A to this Agreement as the "**Approved Location**". The Approved Location shall be described in Exhibit A subsequent to the execution of this Agreement, upon Franchisor's approval of the location and execution of the related lease or purchase agreement. Franchisee shall not relocate the Franchised Center without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 8.26 below.

1.4 **Limit on Sales**. Franchisee's rights hereunder shall be limited to offering and selling products and services at the Franchised Center, and only to retail customers of the Franchised Center (the "**Premises**"). Franchisee expressly acknowledges that it may only engage in off-Premises activities within the Territory (as defined in Section 1.5) and only in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish and in accordance with the requirements of this Agreement and the procedures set forth in the Manuals (as defined in Section 3.3 below) and all applicable laws. Franchisee shall not, without the prior written approval of Franchisor, engage in any other type of sale of, or offer to sell, or distribution of products or services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

1.5 **Territory and Reserved Rights**. Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, an Iron 24 Center at any location within the territory specified in Exhibit A (the "**Territory**"). Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.5.1 To own, acquire, establish, and/or operate and license others to establish and operate, Iron 24 Centers under the System at any location outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Center;

1.5.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Center, at any location within or outside the Territory,

notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Center;

1.5.3 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers, the Internet, mobile or temporary locations, or other alternative distribution channels, including products bearing Franchisor's Proprietary Marks; and

1.5.4 To (i) acquire one or more retail businesses that are the same as, or similar to, Iron 24 Centers then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Territory, notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales of the Franchised Center, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as an Iron 24 Center under the System, subject to the following conditions that apply to each Acquired Business located within the Territory:

1.5.4.1 Provided that Franchisee is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Franchisee the option to purchase and operate, as an Iron 24 Center, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its discretion offers to Franchisee such an option, Franchisor shall provide Franchisee with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Franchisee's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Franchisee shall include, without limitation, the following: (a) the purchase price will be based on Franchisor's purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below), then Franchisee's purchase price for such Acquired Business shall be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by Franchisor in the same transaction; and (b) the requirement that Franchisee enter into Franchisor's then-current form of System franchise agreement for the Acquired Business. If Franchisee does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name, service mark, or trademarks including the Proprietary Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), Franchisor may also license to a licensee or franchisee under the Acquired System additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Territory.

1.6 **No Territory Established**. If there is no Territory established in Exhibit A or if it references a site "to be determined," Franchisee expressly acknowledges and agrees that Franchisor may own, acquire, establish, and/or operate and license others to establish and operate, Iron 24 Centers under the System at any location, and exercise all of the rights reserved to it in Section 1.5 at any location, notwithstanding the proximity to or the actual or threatened impact on sales of the Franchised Center.

2. TERM AND RENEWAL

2.1 **Initial Term**. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire ten (10) years from the Effective Date.

2.2 **Renewal**. Franchisee may apply to operate the Franchised Center for two (2) additional terms of ten (10) years each, if the following conditions are met prior to renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement;

2.2.2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the Premises;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, the approved suppliers of the System, or the lessor of the Premises; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, requirements to pay additional and/or higher fees such as royalties and advertising fees;

2.2.6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor;

2.2.7 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Premises as Franchisor may reasonably require, including installation of new equipment and renovation of signs, furnishings, fixtures, and decor to reflect the then-current standards and image of the System;

2.2.8 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises (or such other location acceptable to Franchisor) for the duration of the renewal term;

2.2.9 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Center during the renewal term; and

2.2.10 Franchisee shall remit to Franchisor a renewal fee equal to Two Thousand Dollars ($2,000).

3. DUTIES OF FRANCHISOR

3.1 **Franchisor's Plans**. Franchisor shall make available to Franchisee, specifications for the construction of an Iron 24 Center and for the interior design and elements, fixtures, furnishings, equipment, and signs. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such specifications contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Iron 24 Center, compliance with all of which shall be Franchisee's responsibility and at

Franchisee's expense. Franchisee understands and acknowledges that Franchisor has the right to modify the specifications, and develop additional specifications, as Franchisor deems appropriate from time to time (however Franchisor will not modify the specifications for the Franchised Center developed pursuant to this Agreement once those specifications have been given to Franchisee). Franchisee further understands and acknowledges that Franchisee's proposed layout and design of the Franchised Center shall be subject to Franchisor's approval.

3.2 **Initial Training**. Franchisor shall provide its initial training ("**Initial Training**"), either at a physical location or virtually, as determined by Franchisor, as described in Section 6 of this Agreement, for up to three (3) trainees (unless Franchisee has already completed the Initial Training to Franchisor's satisfaction, in which event the terms set forth in Section 6.1.3 below shall apply with respect to the pre-opening training of Franchisee, the Designated Principal and any Manager).

3.3 **Loan of Manuals**. Franchisor shall provide Franchisee, on loan, copies of the Franchisor's confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the "**Manuals**"), as more fully described in Section 10 hereof.

3.4 **Advertising Programs and Materials**. Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 13 below.

3.5 **Grand Opening Advertising**. Franchisor shall assist Franchisee in developing and conducting the Grand Opening Advertising Program (as described in Section 13.3 below), which program shall be conducted at Franchisee's expense.

3.6 **Guidance**. Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Center as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.7 **Inspections**. Franchisor shall conduct, as it deems advisable, inspections of the operation of the Franchised Center by Franchisee.

3.8 **List of Suppliers**. Franchisor shall, in the Manuals (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and/or approved by Franchisor to supply products, equipment, signage, materials and services to franchisees in the System.

3.9 **Delegation**. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct.

3.10 **Fulfillment of Obligations**. In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other Franchised Centers and systems in which Franchisor (or its affiliates) has an interest and Franchisor's (and its affiliates') own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with other Franchised Centers and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates; (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor (or its affiliates) has an interest; and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as it sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3.10, and that nothing in this Section 3.10 shall in any way affect Franchisee's obligations under this Agreement.

4. **FEES**

4.1 **Franchise Fee**. In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an initial franchise fee of Twenty Thousand Dollars ($20,000) or as otherwise stated in Exhibit A (the **"Franchise Fee"**), which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable as set forth in Section 4.2 below. If Franchisee does not obtain a lease or sublease for the Franchised Center within four (4) months of the Effective Date (pursuant to Section 5.1), or if the Franchised Center is not open and operating eight (8) months following the Effective Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee. The Franchise Fee shall be paid in full upon the execution of this Agreement, subject to a development credit, if any, that may be applied from the Area Development Fees that Franchisee previously paid to Franchisor pursuant to a separate Area Development Agreement executed between Franchisor and Franchisee relating to the Franchised Center.

4.2 **Refundability**. Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

4.3 **Royalty Fee**. In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to offer and sell the products and services to the general public, and for the use of the Proprietary Marks, beginning on the earlier of (a) the date the Franchised Center opens or (b) the Required Opening Date (the earlier date, the "**Royalty Start Date**"), Franchisee shall pay to Franchisor, each week during the term of this Agreement, in addition to the Franchise Fee set forth herein, a "**Royalty Fee**" equal to four and one-half percent (4.5%) of Net Sales generated by, from, through or associated with the Franchised Center or Franchisee's operations under this Agreement, and report to Franchisor, in the manner specified by Franchisor, its Net Sales (a "**Sales Report**"), *provided that*, in no event shall the Royalty Fee be less than the Minimum Royalty Fee (as defined below). The term "**Net Sales**" means all revenue from the sale of all products and services and all other income of every kind and nature related to, derived from, or originating from the Franchised Center or Franchisee's operations under this Agreement, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Net Sales" excludes any actual documented customer refunds made in good faith, and/or sales taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities. In calculating Net Sales, the applicable time period shall be determined in accordance with Greenwich Mean Time (GMT). The "**Minimum Royalty Fee**" is an amount equal to Three Hundred Dollars ($300) per month. If, at the end of each calendar month following the Royalty Start Date, the sum of weekly Royalty Fees paid to or otherwise due to Franchisor based on Net Sales for that month ("**Collected Fees**") is less than the Minimum Royalty Fee, Franchisee shall pay Franchisor the difference between the Minimum Royalty Fee and the Collected Fees.

4.4 **General Advertising Fee**. If Franchisor establishes a requirement to pay to Franchisor a general advertising fee, upon written notice to Franchisee, during the term of this Agreement, Franchisee must pay to Franchisor its then-current "**General Advertising Fee**," which will not exceed five percent (5%) of Net Sales. This fee is not a contribution to an independent advertising fund or a pooled advertising program. The General Advertising Fee will be paid in the same manner as Royalty Fees.

4.5 **Other Advertising Expenditures**. Franchisee shall make advertising expenditures for marketing and promotion as Franchisor may direct pursuant to Section 13.1 based on the Net Sales of the Franchised Center.

4.6 **Electronic Systems Fee**. During the term of this Agreement, Franchisor reserves the right to charge Franchisee its then-current "**Electronic Systems Fee**" for email, Website management, security

and access control systems, access to Franchisor's electronic support systems and center operating software in connection with the System and the Franchise Center, and access to customer payment processing services. If Franchisor does not directly provide these services, Franchisee will be required to sign a separate agreement with Franchisor's designated provider of these services (which may be an affiliate of Franchisor). Franchisor may increase this fee upon notice to Franchisee. Any fees paid in accordance with this Section 4.6 shall be non-refundable.

4.7 **Call Center Fees**. At the option of Franchisor, Franchisor or one of its affiliates may establish a centralized call center for the handling of inbound and outbound customer inquiries (the "**Call Center**"), but the Call Center shall not be a substitute for Franchisee's obligations as set forth herein. If Franchisor or one of its affiliates establishes the Call Center, Franchisee may choose to participate in the Call Center, and pay Franchisor or its affiliate its then-current fees ("**Call Center Fees**"), including without limitation, base service fees and/or a commission on each customer acquisition for the Franchised Center.

4.7.1 Franchisor or its affiliate, through the operation of the Call Center and otherwise, may refer customers attempting to make inquiries or a reservation at an Iron 24 business generally, or specifically at the Franchised Center, to another Iron 24 center when: (1) the Franchised Center is not the closest Iron 24 center; (2) the Franchised Center is fully booked for appointment or time period requested by the customer; (3) Franchisee does not make its schedule available to Franchisor or treat reservations made by Franchisor the same as reservations booked by Franchisee; (4) the Franchised Center does not meet the customer's requirements in other respects; (5) Franchisee is in default of the Franchise Agreement or its real estate lease for the Premises, or has notified Franchisor of its intent cease operations; or (6) for any other reason reasonably determined to be in the best interests of the customer or the preservation of the customer as an Iron 24 customer.

4.8 **When Payments Due**. Franchisor shall provide for collection of all Franchisee customer payments through Franchisor's or its affiliate's online payment processing portal, and Franchisee hereby authorizes that processor to deduct any monies it collects on Franchisee's behalf the amount of all payments and fees Franchisee is obligated to pay to Franchisor, its affiliates, and its approved vendors on the due date of such fee. Franchisee shall establish an arrangement for electronic funds transfers ("**EFT**"), including, without limitation, execution of Franchisor's current form of "Authorization Agreement for Prearranged Payments," a copy of which is attached to this Agreement as Exhibit D, which also includes a credit card authorization in favor of Franchisor authorizing Franchisor to charge all amounts Franchisee or its affiliates owe to Franchisor under this Agreement or any other agreement between Franchisee and its affiliates and Franchisor. Franchisee shall comply with all payment and reporting procedures specified by Franchisor in this Agreement and the Manuals. No later than Monday of each week during the term of this Agreement Franchisor shall calculate the amount of cleared customer payments it has received in connection with the Franchised Center for the preceding week, and shall remit such amount to Franchisee via EFT, less amounts representing the Royalty Fee, General Advertising Fee, Electronic Systems Fees, Call Center Fee, annual convention registration fees, EFT fees and merchant services and other processing fees, in addition to any and all other amounts owed to Franchisor (or any affiliate of Franchisor) under this Agreement and any other agreement. Each weekly payment by Franchisor to Franchisee shall be accompanied by a statement, which Franchisor may provide in a digital format, setting forth the amount of customer payments received in connection with the Franchised Center and payments remitted to Franchisor. Franchisee acknowledges that Franchisor may retain any amount of customer payments as remittance of any amounts owed to Franchisor (or any affiliate of Franchisor) by Franchisee under this Agreement or in connection with the Franchised Center. Franchisee further expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of all amounts provided for in this Agreement shall be absolute, unconditional, and fully earned upon receipt thereof and non-refundable. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment

of any fee. Franchisee further agrees that it shall, at all times throughout the term of this Agreement, maintain a minimum balance of Three Thousand Five Hundred Dollars ($3,500) in Franchisee's bank account.

4.9 **Designated Accountants and Fees**. If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Center. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such reasonable amount as the service provider or Franchisor may periodically designate.

4.10 **Additional Payments**. Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor, which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

4.11 **Overdue Payments and Reports**. Any payment, contribution, statement, or report not actually received by Franchisor on or before such due date shall be overdue. If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount: (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, and (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.12 **No Waiver**. Acceptance by Franchisor of the payment of any Royalty Fee, or any and all other payments provided for in this Agreement, shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of the Royalty Fee or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights hereunder.

4.13 **No Subordination**. Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

5. SITE SELECTION, CONSTRUCTION AND OPENING OF BUSINESS

5.1 **Identifying and Securing Sites**. Franchisee shall, within four (4) months of the Effective Date (the "**Site Selection Date**"), be solely responsible for identifying, submitting for Franchisor's approval, and securing a site (through lease or purchase) for the Franchised Center. The following terms and conditions shall apply to Franchised Center:

5.1.1 Franchisee shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include: (i) a site approval form prescribed by Franchisor; (ii) a trade area and site marketing research analysis (prepared by a company approved in advance by Franchisor); (iii) an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Franchisee's favorable prospects for obtaining such site; (iv) photographs of the site; (v) demographic statistics; and (vi) such other information or materials as Franchisor may reasonably require (collectively, the "**SAP**"). Franchisor shall have twenty (20) business days after receipt of the SAP from Franchisee to approve or disapprove, in its sole discretion, the proposed site for the Franchised Center. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said twenty (20) business days, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

5.1.2 Following Franchisor's approval of a proposed site, Franchisee shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 5.2 below, or a binding purchase agreement, and shall do so within sixty (60) business days of approval of the site by Franchisor. Franchisee shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement.

5.1.3 Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Center or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and Premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor, could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria.

5.2 **Lease Terms**. For the Franchised Center to be developed hereunder, if Franchisee will occupy the Premises from which the Franchised Center will be operated under a lease or sublease, Franchisee shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Franchisee may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation, the terms and conditions set forth by Franchisor in the Manuals or otherwise in writing from time to time. A Lease Rider containing Franchisor's current requirements is included in Exhibit G to this Agreement, which Franchisee must execute and must cause to be executed by the landlord to its lease as a condition to Franchisor's approval hereunder.

5.3 **Preparing a Location**. Before commencing any construction of the Franchised Center, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.3.1 If leasehold improvements are required to be made to the Approved Location so that it is suitable for the operation of an Iron 24 Center, Franchisee shall employ a qualified, licensed architect who has been approved or designated (as described below) by Franchisor to prepare, subject to Franchisor's approval, preliminary plans and specifications for site improvement and/or construction of the Franchised Center based upon specifications furnished by Franchisor, as described in Section 3.1 above. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System. If Franchisor designates an architecture firm prior to the time Franchisee commences to develop the Franchised Center, Franchisee shall employ such designated supplier(s) to prepare all designs and plans for the Franchised Center, unless Franchisee obtains Franchisor's prior written approval to use an alternative professional. If Franchisor has not designated an architecture firm, Franchisee shall be responsible for locating and employing a qualified architect who is licensed in the jurisdiction in which the Franchised Center will be located, and who is reputable and experienced in providing architecture services. Franchisee shall be solely responsible for payments for all architecture services. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor, firm, supplier, professional or consultant retained by Franchisee, whether or not designated by Franchisor.

5.3.2 Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA, regarding the construction, design and operation of the Franchised Center. In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

5.3.3 Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Iron 24 Centers, including such items as trade dress, presentation of Proprietary Marks, and the providing to the potential customer of certain products and services that are central to the functioning of Iron 24 Centers. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Center until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

5.3.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Center and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

5.3.5 Franchisee shall employ a qualified licensed general contractor who has been approved or designated by Franchisor to construct the Franchised Center and to complete all improvements, which general contractor may be Franchisor or an affiliate of Franchisor. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 14 below. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee.

5.3.6 Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request.

5.3.7 Franchisee agrees to use in the construction and operation of the Franchised Center only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that the Franchisor has approved for the Franchised Center as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Premises of the Franchised Center only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by the Franchisor (which may include the Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by the Franchisor, and/or any such item from any supplier which is not then approved by the Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

5.4 **Opening Date**. Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5.5 below, Franchisee shall construct, furnish, and open the Franchised Center in accordance with this Agreement on or before eight (8) months following the Effective Date (the "**Required Opening Date**"). Time is of the essence. Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date; and (b) request for Franchisor's approval to open on such date. Such notice and request shall be made no later than thirty (30) days prior to such intended opening date. Additionally, Franchisee shall comply with all other of Franchisor's pre-opening requirements, conditions and procedures (including, without limitation, those regarding pre-opening scheduling, training, and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor, and shall obtain Franchisor's written approval as to the opening date prior to opening the Franchised Center. Notwithstanding the foregoing, if Franchisee is entering into this Agreement pursuant to the terms of an Area Development Agreement executed between Franchisee and Franchisor, Franchisee must open the Franchised Center on or before the date set forth in the "Development Schedule" (as defined in the Area Development Agreement).

5.5 **Force Majeure**. Neither party shall be responsible for non-performance or delay in performance occasioned by a "**force majeure,**" which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, epidemic or pandemic, or any other cause beyond the reasonable control of such party; provided, however, force majeure shall not include Franchisee's lack of adequate financing, and no event of force majeure shall relieve a party of the obligation to pay any money under this Agreement.

6. TRAINING

6.1 **Initial Training and Attendees**. Before opening the Franchised Center, Franchisee shall have satisfied all initial training obligations required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 8.3 below)) and, if applicable, the Manager and additional persons as Franchisor may require, (not to exceed a total of three (3) persons), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor (unless Franchisee has multiple agreements with Franchisor and/or Franchisee has already completed the initial training program in which event the requirements set forth in Section 6.1.3 below shall apply with respect to the pre-opening training of Franchisee, the Designated Principal and any Manager) at a location designated by Franchisor, virtually, or a combination of these at Franchisor's sole discretion. Franchisee shall pay Franchisor's then-current fee for each additional person, beyond the maximum of three (3) persons, to attend the initial training program. During the initial training, Franchisee shall receive instruction, training and education in the operation of the Franchised Center and indoctrination into the System. The duration and content of the initial training is subject to change in Franchisor's sole discretion. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program.

6.1.2 If Franchisee is other than an individual, Franchisor may require (in addition to the training of the Designated Principal and Manager) that any or all owners of beneficial interests in Franchisee (each a "**Principal**"), who are individuals and own at least a ten percent (10%) beneficial interest in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Principals not involved in the day-to-day operations of the Franchised Center.

6.1.3 If Franchisee already has completed Initial Training to Franchisor's satisfaction, then, at the option of Franchisor in its sole discretion, Franchisee shall be responsible for conducting the initial training of its Designated Principal, its Manager (if applicable), and any other managerial personnel,

in accordance with the requirements and conditions as Franchisor may from time to time establish for such training. Franchisor's requirements for initial training by Franchisee shall be set forth in the Manuals or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted: (a) by the Designated Principal(s) or personnel of Franchisee (or an affiliate of Franchisee) who have completed Franchisor's initial training program to the satisfaction of the Franchisor, and who remain acceptable to Franchisor to provide initial training; and (b) following the procedures and conditions established by Franchisor. If Franchisor determines that the training provided by Franchisee does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Center.

6.1.4 Franchisee must satisfy all pre-opening training requirements under this Section 6.1 by no later than thirty (30) days prior to the scheduled opening of the Franchised Center

6.1.5 The cost of all initial training (instruction and required materials) shall be borne by Franchisor. All other expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

6.2 **New or Replacement Designated Principal and Manager**. In the event that Franchisee's Designated Principal or (if required pursuant to Section 8.3.2) Manager ceases active employment in the Franchised Center, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for any such training conducted by Franchisor. In the alternative, with respect to training a replacement Manager, Franchisee may train such replacement(s) in accordance with Section 6.3 below. The replacement Designated Principal and/or any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

6.3 **Training by Franchisee of Additional or Replacement Managers**. Franchisee shall have the option of training any Manager (following the training of the first Manager by Franchisor) at the Franchised Center or other Iron 24 Centers operated by Franchisee or its affiliates, provided that Franchisee is in compliance with all agreements between Franchisee and Franchisor and further provided that the training is conducted: (a) by the Designated Principal or other personnel who has completed Franchisor's initial training program to the satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training) and (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training. In the event Franchisor conducts such training, Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for training.

6.4 **Convention**. If Franchisor holds a franchise convention, the person holding a controlling interest in Franchisee and its Designated Principal (if different) are required to register for and attend the convention annually in accordance with Franchisor's policies. Franchisor will bill Franchisee for one registration fee prior to the convention, which will provide Franchisee with one registration. Additional representatives of Franchisee may also attend the conference, as long as they are registered and pay the registration fee for their attendance. Franchisee must also pay for all travel and living expenses incurred by it and its representatives in attending the convention.

6.5 **Refresher Training**. Subject to Section 6.7, Franchisor may also require that Franchisee or its Designated Principal and Manager attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time, provided that such training shall not exceed four (4) days per person each year, and attendance for up to three (3) days per person each year at conventions, if any, conducted for Franchisor's franchisees.

6.6 **Location of Training**. All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters, virtually, at such other locations as Franchisor may designate, or any combination of these, in Franchisor's sole discretion.

6.7 **Additional Training**. If Franchisor determines, in its sole discretion, that Franchisee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manuals or otherwise in writing. If Franchisee requests that Franchisor provide additional supervision or supplemental training (and Franchisor agrees in its sole discretion to provide such training) or if Franchisor otherwise provides any training programs offered or required by Franchisor, then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, set forth in the Manuals or otherwise in writing.

7. TECHNOLOGY

7.1 **Computer Systems and Required Software**. The following terms and conditions shall apply with respect to the Computer System and Required Software:

7.1.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, cloud-based systems, Website portals, and hardware be used by, between, or among Iron 24 Centers, including without limitation: (a) back office and Point of Sale System, data, audio, video, and voice storage, retrieval, and transmission systems for use at Iron 24 Centers, between or among Iron 24 Centers, and between and among the Franchised Center and Franchisor and/or Franchisee; (b) Point of Sale System; (c) physical, electronic, and other security systems, including without limitation security cameras and access point control systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "**Computer System**").

7.1.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs, cloud-based system software, Website portal programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

7.1.3 Franchisee shall record all sales on a cloud-based point of sale and payments processing system designated and approved by Franchisor in the Manuals or otherwise in writing ("**Point of Sale System**"), which shall be deemed part of the Franchisee's Computer System.

7.1.4 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**").

7.1.5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor. In no way limiting the foregoing, Franchisee shall provide Franchisor with access to any video feed(s) of the Franchised Center.

7.1.6 Franchisee shall comply with specifications issued by Franchisor with respect to video camera installation and operation in the Franchised Center, including granting Franchisor access to any video camera feed(s) in any manner Franchisor may so require.

7.2 **Data**. Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Center, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Center, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Center's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

7.3 **Privacy**. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

7.4 **Telecommunications**. Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

7.5 **Intranet**. Franchisor may establish a Website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "**Intranet**"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Center. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

7.6 **Websites**. As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

7.6.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Iron 24 Centers, the franchising of Iron 24 Centers, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the website.

7.6.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Center, with such web page(s) to be located within Franchisor's Website. Franchisee must provide Franchisor all information and materials that Franchisor may periodically request concerning the Franchised Center and otherwise participate in Franchisor's Website in the manner Franchisor periodically specifies. By submitting to Franchisor information or materials for Franchisor's Website, or by making any Electronic Media posts, Franchisee represents and warrants that such information and materials are accurate and do not infringe any third party's rights. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

7.6.3 Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 13 below.

7.6.4 Franchisor shall have the right to modify the provisions of this Section 7 relating to Websites as Franchisor shall solely determine is necessary or appropriate.

7.7 **Online Use of Marks**. Franchisee shall not, without the prior written approval of Franchisor, use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any email address, domain name, social media account, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever regarding Iron 24 Centers by email or any other "**Electronic Media**" without Franchisor's prior written consent and in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish. Electronic Media shall include, but not be limited to, blogs, microblogs, social media sites (such as Facebook, Twitter, Instagram, Snapchat, and LinkedIn), video-sharing and photo-sharing sites (such as YouTube, TikTok and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds. Franchisor may maintain one or more social media sites (e.g., Twitter, Facebook, Instagram, LinkedIn, TikTok, SnapChat, or such other social media sites). Franchisor may designate at any time and from time to time regional or territory-specific usernames/handles to be maintained by Franchisee. Franchisee must adhere to the social media policies that Franchisor establishes at any time and from time to time and Franchisee will require all of Franchisee's owners and employees to do so as well. Franchisor may require Franchisee to participate in social media initiatives directed by Franchisor. If Franchisor provides Franchisee with a username/handle and password, Franchisee may not alter such username/handle and password without Franchisor's prior approval.

7.8 **No Outsourcing without Prior Written Approval**. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval

therefor. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

7.9 **Changes to Technology**. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose.

8. OTHER DUTIES OF FRANCHISEE

8.1 **Details of Operation**. Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand for the products and services sold by all operators, to protect Iron 24 Centers operating under the System, and to protect the reputation and goodwill of Franchisor.

8.2 **Compliance with the Agreement, including the Manuals**. Franchisee shall operate the Franchised Center in strict conformity with this Agreement and such standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from deviating from such standards, specifications, and procedures without the prior written consent of Franchisor.

8.3 **Management of Business & Designated Principal**.

8.3.1 If Franchisee is other than an individual, prior to beginning training, Franchisee shall designate, subject to Franchisor's reasonable approval, one Principal who is both an individual person and owns at least a ten percent (10%) beneficial interest in Franchisee, and who shall be responsible for general oversight and management of the operations of the Franchised Center on behalf of Franchisee (the "**Designated Principal**"). In the event the person designated as the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Center, Franchisee shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

8.3.2 Prior to beginning training, Franchisee shall designate in writing a "**Manager**" to assume the responsibility for the daily supervision and operation of the Franchised Center. The Manager must be either the Franchisee (or, if the Franchisee is other than an individual, its Designated Principal) or an experienced manager. Franchisor has the right to approve any Manager, provided such approval shall not be unreasonably withheld.

8.3.3 Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon either or both the Designated Principal or Manager as having responsibility and decision-making authority regarding the Franchised Center's operation and Franchisee's business.

8.4 **Staffing**. In order to protect and enhance the System and the goodwill associated with the Proprietary Marks, Franchisee agrees to maintain a competent, conscientious, staff (who are trained by Franchisee to Franchisor's standards and requirements) in numbers sufficient to promptly service customers, or as may be required by applicable laws or regulations, and to take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; comply with such uniforms and/or dress code as Franchisor may prescribe; and

meet such minimum standards as Franchisor may establish from time to time in the Manuals. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Center, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees, in addition to compliance with all applicable federal, state, and local laws, rules and regulations.

8.5 **Use of Premises**. Franchisee shall: (a) use the Premises solely for the operation of the Franchised Center; (b) keep the Franchised Center open and in normal operation for such minimum hours and days as Franchisor may specify; and (c) refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor.

8.6 **Conformity to Standards**. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Center in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Without limitation, Franchisee agrees as follows:

8.6.1 Franchisee shall purchase and install prior to the opening of the Franchised Center, and thereafter maintain, all fixtures, furnishings, equipment, decor, and signs, and maintain in sufficient supplies and materials, as Franchisor may prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating therefrom by the use of any unapproved item without the prior written consent of Franchisor.

8.6.2 Franchisee shall offer and sell only products and services that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor; and Franchisee shall offer and sell all products and services as Franchisor may specify from time to time as required offerings at the Franchised Center. Franchisee is prohibited from offering or selling any products or services at or from the Franchised Center that have not previously been authorized by Franchisor, and shall discontinue selling and offering for sale any products and services which Franchisor shall have disapproved, in writing, at any time. If Franchisee wishes to offer or sell any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer or sell such products or services in accordance with Section 8.7 below. Franchisor may deny such approval for any reason.

8.6.3 Franchisee shall participate in any customer transfer policy established by Franchisor in the Manuals or otherwise in writing in the event a customer transfers from one Iron 24 Center to another, which shall include the provision of paid-for services and the facilitation of payment transfers in connection therewith. In no way limiting the foregoing, Franchisee shall fully honor all customer purchases of services regardless of which Iron 24 Center originally accepted payment.

8.6.4 Franchisor may itself conduct or designate an independent evaluation service to conduct inspections or a "mystery shopper" quality control and evaluation program with respect to Iron 24 Centers. Franchisee agrees that the Franchised Center will participate in such inspections and mystery shopper program, as prescribed and required by Franchisor. Franchisor shall have the right to require Franchisee to pay the then-current costs associated with such program, or the then-current charges imposed by such evaluation service with respect to inspections of the Franchised Center, and Franchisee agrees that it shall promptly pay such charges or reimburse Franchisor for its expenses. Franchisee acknowledges that as part of any quality control or evaluation program, Franchisor may record telephonic communications and Franchisee consents to the use of such recordings.

8.6.5 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products or services, provided that such discounted or complimentary sales shall not be included in the Net Sales of the Franchised Center. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor

may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

8.6.6 Unless otherwise directed by Franchisor in writing, Franchisee (or, if Franchisee is other than an individual, each Principal of Franchisee) and all employees and staff members of Franchisee, including the Manager, shall pass a background check prior to commencing work in the Franchised Center, and on a periodic basis thereafter, as determined by Franchisor in its sole discretion, that is free of any sexual and/or violent offenses, any offense involving moral turpitude, and/or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the interest of Franchisor therein.

8.7 **Purchases and Approved Suppliers**. Franchisee shall purchase all equipment (including fitness equipment), fixtures, furnishings, signs, décor, supplies, services, and products required for the establishment and operation of the Franchised Center from Suppliers designated or approved in writing by Franchisor (as used in this Section 8.7 the term **"Supplier"** shall include manufacturers, distributors and other forms of Suppliers). In determining whether it will approve any particular Supplier, Franchisor shall consider various factors, including but not limited to whether the Supplier (i) can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; (ii) possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; (iii) approval of who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and (iv) has been approved in writing by Franchisor prior to any purchases by Franchisee from any such Supplier, and have not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single Supplier for any equipment, supplies, services, or products and to require Franchisee to purchase exclusively from such designated Supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor.

8.7.1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements of products bearing the Proprietary Marks or products unique to the System and/or Franchisor ("**Proprietary Products**") from Franchisor or Franchisor's designee(s), as set forth in Section 8.8 below (through such distributor or distributors as Franchisor may designate). Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time.

8.7.2 If Franchisee desires to purchase any products (except for Proprietary Products) or other items, equipment, supplies, services from suppliers other than those previously designated or approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items. Franchisee shall not purchase from any Supplier until, and unless, such Supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved Suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or Supplier's facilities, and that samples from the proposed Supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continued approval of such Supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor may also require that the Supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the Supplier on account of their dealings with Franchisee or other franchisees.

8.7.3 Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved Supplier and to revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such

revocation, Franchisee shall cease to sell or use any disapproved item and/or cease to purchase from any disapproved Supplier.

8.7.4 Nothing in the foregoing shall be construed to require Franchisor to approve any particular Supplier, nor to require Franchisor to make available to prospective Suppliers, standards for approval and/or specifications for formulas, which Franchisor shall have the right to deem confidential.

8.7.5 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known Suppliers who are willing to supply all or some Iron 24 Centers with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Iron 24 Centers. In this event, Franchisor may limit the number of approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and services, and/or refuse any of Franchisee's requests for approval if Franchisor believes that this action is in the best interest of the System or the franchised network of Iron 24 Centers. Franchisor shall have unlimited discretion to approve or disapprove of the Suppliers who may be permitted to sell products or services to Franchisee.

8.7.6 Franchisor and its affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees; and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate.

8.8 **Proprietary Products**. Franchisee acknowledges and agrees that the Proprietary Products offered and sold at Iron 24 Centers are manufactured in accordance with standards and specifications of Franchisor and/or Franchisor's affiliates, and are Proprietary Products of Franchisor and/or its affiliates. In order to maintain the high standards of quality and uniformity associated with Proprietary Products sold at all Iron 24 Centers in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor or its designee(s), and not to offer or sell any other items not approved by Franchisor at or from the Franchised Center. In connection with the manufacturing, handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e.g., a product manufacturer or an independent carrier) in connection with the manufacturing, handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor. Franchisee acknowledges and agrees the Franchisor and/or its affiliates may earn revenues on account of such sales of Proprietary Products to Franchisee.

8.9 **No Warranties**. Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from third party suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.**

8.10 **Inspections**. Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections of the Premises and the operations of Franchisee. Franchisee shall cooperate with representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to

correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

8.11 **Trademarked Items**. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, paper goods (including, without limitation, wrapping, packaging supplies, and all forms and stationery used in the Franchised Center), and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor. Franchisee shall place and illuminate all interior and exterior signs and décor items in accordance with Franchisor's specifications.

8.12 **Offerings and Pricing**. Franchisee shall sell or offer to sell only those products and services as approved by Franchisor. Such items shall be subject to change from time to time as Franchisor may determine solely in its discretion. Franchisee must obtain Franchisor's written approval for any contemplated changes, including all additions to and/or deletions of products and services sold in the Franchised Center. Moreover, Franchisor may, in the exercise of its reasonable business judgment and to the extent permitted by applicable law, establish specific prices for product and service offerings, or a range of acceptable prices, or minimum advertised pricing that, in any case, shall be adhered to by Franchisee and all other similarly situated Iron 24 Centers.

8.13 **Customer Registration and Payment; Credit Card Fees**. Franchisee shall require that all of its customers purchase memberships and pay for all approved products and services through Franchisor or its affiliate's online payment processing portal and/or mobile application. Franchisee is strictly prohibited from accepting any payments directly from customers. Franchisee shall be responsible for all merchant services and processing fees charged in connection with payment processing for the Franchised Center, and Franchisee acknowledges that Franchisor or its affiliate may be the designated or sole provider of these services. Franchisee acknowledges that Franchisor or its affiliates may directly charge and collect from any customer (including any customer of Franchisee) certain fees in connection with Franchisor's online membership or registration process and payment system that are in addition to payment for products and services provided by the Franchised Center. Such fees charged and collected by Franchisor shall inure to the benefit of and be fully earned by Franchisor.

8.14 **Compliance**. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration.

8.15 **Uniforms**. Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

8.16 **Governmental Requirements**. Franchisor and Franchisee understand and agree that the operation of the Franchised Center, maintenance of its Premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products and services therefrom may be regulated by governmental statutes and regulations. To this end, the Franchisor and Franchisee agree that Franchisee owes an obligation to the patrons of the Franchised Center, Franchisor, and to itself, to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Franchise Agreement as if fully set forth herein. In no way limiting the foregoing or Section 8.6.6, Franchisee shall comply with all applicable local, state and federal laws that require employees and others to obtain required background checks and fingerprinting.

8.17 **Prohibited Product or Supplier Fine; Unauthorized Advertising Fine**. In the event Franchisee offers or sells any products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, or uses any supplier not approved by Franchisor, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product, premium, novelty item, clothing, souvenir or from performing such services, and cease and desist using the unapproved supplier, and (ii) pay to Franchisor, on demand, a prohibited product, service or supplier fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved product, premium, novelty item, clothing, souvenir or service is offered or provided by Franchisee or such unapproved supplier is used. In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee uses any advertising or promotional materials not approved by Franchisor in violation of this Agreement, Franchisor reserves the right to charge Franchisee a fee of Two Hundred Fifty Dollars ($250) per day of use of unauthorized advertising or promotional materials. All fines set forth in this Section 8.17 shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

8.18 **Participation in Promotions**. Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing. In no way limiting the foregoing, Franchisee agrees that if required by Franchisor:

8.18.1 Franchisee shall participate in all programs and services for frequent customers and other categories, which may include providing discount or complimentary products or services.

8.18.2 Franchisee shall sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Iron 24 Center. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fee or other contribution) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manuals or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Iron 24 Centers and for making timely payment to Franchisor, other operators of Iron 24 Centers, or a third-party service provider for Gift Cards issued from the Franchised Center that are honored by Franchisor or other Iron 24 Center operators.

8.19 **Health/Standards**. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Center under the Manuals and applicable health ordinances. Franchisee shall also comply with the requirements set forth in the Manuals for submitting to Franchisor a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Franchised Center.

8.20 **Maintenance of Premises**. Franchisee shall maintain the Franchised Center and the Premises in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

8.21 **Ongoing Upgrades**. As set forth in Section 8.6.1, throughout the term of this Agreement, Franchisee shall maintain all fixtures, furnishings, equipment, decor, and signs as Franchisor may prescribe from time to time in the Manuals or otherwise in writing. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

8.22 **Five-Year Refurbishment and Renovations**. At the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall materially refurbish the Premises, at its expense, to conform to the Iron 24 Center design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Iron 24 Centers. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as Franchisor may specify.

8.23 **Compliance with Lease**. Franchisee shall comply with all terms of its lease or sublease, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Center; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

8.24 **Obligations to Third Parties**. Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

8.25 **Notice of Legal Actions**. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Center, (ii) may adversely affect the operation or financial condition of the Franchised Center, or (iii) may adversely affect Franchisee's financial condition.

8.26 **No Relocation**. Franchisee shall not relocate the Franchised Center from the Approved Location without the prior written approval of Franchisor. If Franchisee desires to relocate the Franchised Center, the following terms and conditions shall apply:

8.26.1 Franchisee shall submit such materials and information as Franchisor may request for the evaluation of the requested plan of relocation. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval for relocation: (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Franchisor; (ii) the proposed substitute location meets Franchisor's then-current standards for Iron 24 Centers; (iii) the lease (if applicable) for the proposed substitute location must comply with Franchisor's then-current lease requirements for Iron 24 Centers (which may include the requirement that the lease contain certain terms and conditions, which may be different than, or in addition to, those terms Franchisor required as of the Effective Date with respect to the Approved Location), and Franchisee must obtain Franchisor's approval of the proposed lease; (iv) Franchisee must possess the financial resources to meet the costs associated with relocating; (v) Franchisee signs a new Franchise Agreement on Franchisor's then-current form; and (vi) Franchisee shall execute a general release in favor of Franchisor in the form prescribed by Franchisor.

8.26.2 Any relocation of the Franchised Center shall be at Franchisee's sole cost and expense.

8.26.3 Franchisor shall have the right to charge Franchisee its then-current relocation fee plus additional costs and expenses incurred by Franchisor in connection with any approved relocation.

8.26.4 If, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then

Franchisee shall have forty-five (45) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld.

8.26.5 Franchisee agrees that in the event of a relocation of the Franchised Center, Franchisee shall promptly remove from the first Franchised Center Premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, advertising materials, stationery supplies, forms and other articles which display any of the Proprietary Marks or any distinctive features or designs associated with Iron 24 Centers. Furthermore, Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the first Franchised Center so clearly from its former appearance and from other Iron 24 Centers and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying Iron 24 Centers and removal of all distinctive signs and emblems). Franchisee shall, at its expense, make such specific additional changes as the Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as the Franchisor deems appropriate, Franchisee agrees that the Franchisor or its designated agents may enter the Premises of the first Franchised Center and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to the Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by and court of competent jurisdiction authorizing the Franchisor or its agents to take such action, if the Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to the Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Franchised Center Premises is not promptly and completely undertaken, the Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

8.27 **Franchisee Advisory Councils**. If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised Iron 24 Centers, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

8.28 **Changes to the System**. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Iron 24 Centers. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, programs, standards, policies and procedures, forms, trade dress, equipment and furnishings and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials. Changes to the System may further include, without limitation, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination; and modifying or substituting entirely the building, Premises, equipment, furnishings, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operational attributes which Franchisee is required to observe hereunder. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Center any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that

Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Iron 24 Center or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

8.29 **Modifications Proposed by Franchisee**. Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

8.30 **Non-Disparagement**. Franchisee shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media, as defined herein.

9. PROPRIETARY MARKS

9.1 **Ownership**. Franchisor represents with respect to the Proprietary Marks that:

9.1.1 Franchisor is the owner of the Proprietary Marks.

9.1.2 Franchisee acknowledges that Franchisor has not made any representation or warranty to the effect that the Proprietary Marks which have not been registered with appropriate authorities shall be registered or are able to be registered therein, and the failure to obtain registrations of any of the Proprietary Marks shall not be deemed to be a breach of the terms of this Agreement by Franchisor. Moreover, Franchisee shall cooperate with Franchisor and its representatives, at Franchisor's expense, in the prosecution of any applications or registrations of any Proprietary Marks which have been filed with the appropriate authorities. Franchisor undertakes to keep Franchisee informed of the progress in obtaining registration of the Trademarks.

9.1.3 Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks.

9.2 **License to Franchisee**. Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement in connection with the operation of the Franchised Center, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor.

9.3 **Terms of Franchisee's Usage**. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

9.3.1 It shall use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor. Further, Franchisee shall not use any confusingly similar Trademarks in connection with its franchise or any other business in which it has an interest;

9.3.2 It shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location;

9.3.3 It shall operate and advertise the Franchised Center only under the name "Iron 24" and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor;

9.3.4 It shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any email address, domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Franchised Center and to obtain governmental licenses and permits for the Franchised Center, indicate that Franchisee shall be operating the Franchised Center under the trade name "Iron 24," provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Center;

9.3.5 It shall identify itself as the owner of the Franchised Center (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the Premises as Franchisor may designate in writing;

9.3.6 It shall not use the Proprietary Marks in such a way as to incur any obligation or indebtedness on behalf of Franchisor; and

9.3.7 It shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of the Proprietary Marks.

9.4 **Franchisee Acknowledgments**. Franchisee expressly understands and acknowledges that:

9.4.1 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's right to use and to license others to use, the Proprietary Marks;

9.4.2 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

9.4.3 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

9.4.4 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee;

9.4.5 Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material, forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Manuals, and Franchisee shall obtain Franchisor's approval prior to such use;

9.4.6 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor. If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Proprietary Marks and shall promptly discontinue the use and display of outmoded or superseded Proprietary Marks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages;

9.4.7 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that it is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs;

9.4.8 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertise using only the Proprietary Marks designated by the Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the words "Iron 24" (a) by itself, (b) as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or (c) with a bank account, trade account or in any legal or financial connection;

9.4.9 In order to preserve the validity and integrity of the Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspections;

9.4.10 Franchisee shall be required to affix the ™ or ® symbol, as directed by Franchisor, upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or

graphic material employing the words "Iron 24" or any other of the Proprietary Marks, whether presently existing or developed in the future;

9.4.11 Franchisee acknowledges that it does not have any right to deny the use of the Proprietary Marks to any other franchisees. In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Proprietary Marks;

9.4.12 If, during the term of this Agreement, there is a claim of prior use of any of the Proprietary Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Proprietary Marks in such a way and at Franchisor's discretion in order to avoid a continuing conflict;

9.4.13 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee;

9.4.14 Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Proprietary Marks or that, in Franchisor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. In that event, Franchisee shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor; and

9.4.15 Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which it is held liable in any proceeding in which Franchisee's use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceedings in which it is named as a party, provided that Franchisee has timely notified the Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor. If the Franchisor defends such claim, the Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

10. **MANUALS**

10.1 **The Manuals and Furnishings to Franchisee**. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Center in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals, which Franchisee shall receive on loan from Franchisor, in a manner chosen by Franchisor, via electronic access, hard copy volumes, computer disks or other files, computer media, videotapes, or otherwise, including such amendments thereto, as Franchisor may publish from time to time, upon completion by Franchisee of initial training. Franchisee expressly acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, the use of the Internet.

10.2 **The Manuals are Proprietary and Confidential**. Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Center, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor.

10.3 **The Manuals Remain Franchisor's Property**. The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place on the Premises, and shall be returned to Franchisor, as set forth in Section 17.8 below, upon the termination or expiration of this Agreement.

10.4 **Revisions to the Manuals**. Franchisor may from time to time revise the contents of the Manuals to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the Proprietary Marks or to meet competition, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall insure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the home office of Franchisor shall be controlling.

10.5 **Part of Agreement**. From the date of the opening of the Franchised Center, the mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

11. CONFIDENTIAL INFORMATION

11.1 **Agreement with respect to Confidentiality**. Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, and/or the marketing, management or operations of the Franchised Center that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Center. Any and all information, knowledge, know-how, and techniques which Franchisee learns in connection with the System and/or the marketing, management or operations of the Franchised Center shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

11.2 **Individual Covenants of Confidentiality**. Franchisee shall require its manager(s) and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Center. Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E.

11.3 **Remedies for Breach**. Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.4 **Grantback**. Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Center. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all Iron 24 Center businesses operated by Franchisor or its affiliates, franchisees and designees. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

12. ACCOUNTING AND RECORDS

12.1 **Books and Records**. With respect to the operation and financial condition of the Franchised Center, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) suppliers' invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; and (ix) such other records as Franchisor may from time to time request.

12.2 **Franchisee's Reports to Franchisor**. In addition to the Sales Reports required pursuant to Section 4.3 above, Franchisee shall:

12.2.1 Prepare by the twentieth (20^{th}) day of each calendar month a balance sheet, profit and loss statement, cash flow statement and an activity report for the last preceding calendar month, which shall be in the form prescribed by Franchisor. Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request.

12.2.2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U.S. generally accepted accounting principles ("**GAAP**"), including but not limited to all adjustments necessary for fair presentation of the financial statements. Franchisee shall certify such financial statements to be true and correct. Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements, (that includes a fiscal year-end balance sheet, an income statement of the Franchised Center for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), and to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4.7). Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP.

12.2.3 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor provides to Franchisee.

12.2.4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in writing from time to time (including without limitation the requirement that Franchisee provide or make available to Franchisor certain sales and financial information in electronic format and/or by electronic means).

12.3 **Inspection and Audit**. Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

13. MARKETING AND PROMOTION

13.1 **Franchisee's Advertising Obligations**. Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows:

13.1.1 Franchisor reserves the right to require that Franchisee each month spend on and/or contribute to advertising and promotion amounts, which, in the aggregate, are equal to three percent (3%) of Franchisee's Net Sales during the preceding month, or One Thousand Dollars ($1,000) per month, whichever is greater, to advertise and to promote the Franchised Center (together, the "**Advertising Obligation**"). The Advertising Obligation shall be in the form of expenditures by Franchisee on "local advertising and promotion" pursuant to Section 13.2. If Franchisee fails to comply with this requirement, Franchisor may, at its option, spend this amount for Franchisee on local advertising and promotion, and remit payment to cover the cost and expenses from Franchisee in accordance with Section 4.10.

13.1.2 The Advertising Obligation is the minimum requirement only, and Franchisee may, and is encouraged to, expend additional funds for marketing and promotion. In addition to the Advertising Obligation, Franchisee shall undertake and complete the Grand Opening Advertising Program, as provided in Section 13.3 below.

13.2 **Local Advertising**. Franchisee shall comply with the following with respect to "local advertising and promotion" for the Franchised Center:

13.2.1 Franchisee shall spend on a monthly basis such amounts as Franchisor may specify in accordance with Section 13.1 above. Franchisee shall account for such expenditures on a routine basis and shall prepare, in accordance with the schedule and procedures specified by Franchisor from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such previous period. Franchisee shall maintain all such statements, reports and records, and shall submit same to Franchisor as Franchisor may specify in the Manuals or otherwise request of Franchisee. Additionally, at the request of Franchisor, Franchisee shall submit bills, statements, invoices, or other documentation satisfactory to Franchisor to evidence Franchisee's advertising or marketing activities.

13.2.2 As used in this Agreement, the term "**local advertising and promotion**" shall refer to advertising and promotion related directly to the Franchised Center, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as Franchisor, in its sole discretion, may specify. Franchisor may provide to Franchisee, in the Manuals or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations. Franchisor may require Franchisee to spend all or a portion of these funds with an approved supplier.

13.2.3 Upon written notice to Franchisee, Franchisor may require Franchisee to participate in mandatory promotions as Franchisor may develop and implement from time to time.

13.3 **Grand Opening Advertising**. In addition to the Advertising Obligation, Franchisee shall expend a minimum of Eight Thousand Dollars ($8,000) for grand opening advertising and promotional programs in conjunction with the Franchised Center 's initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the "**Grand Opening Advertising Program**"). Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Advertising Program shall not be considered local advertising and promotion, as provided under Section 13.2 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 13.3 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

13.4 **Standards for Advertising**. All advertising, marketing and promotion to be used by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any marketing or promotional plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, pursuant to the procedures and terms set forth in Section 13.5 herein.

13.5 **Franchisor's Approval of Proposed Plans and Materials**. If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee shall submit samples of all such marketing and promotional plans and materials to Franchisor (as provided in Section 24 herein) for prior approval (including prices to be charged). If written notice of approval is not received by Franchisee from Franchisor within five (5) business days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have not approved them.

13.6 **Ownership of Advertising Plans and Materials**. Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Center or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

14. INSURANCE

14.1 **Insurance**. Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Center, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and such of its respective affiliates shall be named additional insured in such policy or policies.

14.2 **Coverages**. Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing; provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for Iron 24 Centers, and if required by Franchisor, Franchisee shall obtain its insurance coverage from the designated insurance company (or companies). The policy or policies shall include, at a minimum (except different coverages, umbrella coverages, and policy limits as may reasonably be specified for all Franchisees from time to time by Franchisor in the Manuals or otherwise in writing) the following:

14.2.1 Builder's risk insurance that satisfies the standards and specifications set forth by Franchisor in the Manuals or otherwise in writing to cover any period(s) of renovation or construction at the Franchised Center.

14.2.2 All risk coverage insurance on (i) all personal property covering the Franchised Center and Premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment, containing a replacement value endorsement in an amount equal to the full replacement value thereof; and (ii) business interruption insurance for actual loss Franchisee sustains for twelve (12) months, or not less than fifty percent (50%) of annual Net Sales.

14.2.3 Worker's compensation and employer's liability insurance of $500,000 / $500,000 / $500,000 as well as such other insurance as may be required by statute or rule of the state in which the Franchised Center is located and operated.

14.2.4 Comprehensive general liability insurance with limits of at least Five Hundred Thousand Dollars ($500,000) per occurrence, and One Million Dollars ($1,000,000) general aggregate, and product liability insurance with limits of at least One Million Dollars ($1,000,000) general aggregate including the following coverages: Employer's liability coverage; professional liability, personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least Three Hundred Thousand Dollars ($300,000). All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Center. The required coverage amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

14.2.5 Automobile liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars ($1,000,000) combined single limit, and One Million Dollars ($1,000,000) general aggregate limit.

14.2.6 Excess liability coverage over general liability, auto liability, and worker's compensation, with at least Two Million Dollars ($2,000,000) per occurrence.

14.2.7 Such insurance and types of coverage as may be required by the terms of any lease for the Premises, or as may be required from time to time by Franchisor.

14.2.8 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchised Center, and shall protect against all acts of any persons who patronize the Franchised Center and shall contain a waiver of subrogation against Franchisor. Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies its insurance carrier.

14.3 **Certificates of Insurance**. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Prior to commencing any renovations or construction at the Franchised Center, Franchisee shall provide Franchisor with a Certificate of Insurance for the builder's risk insurance required under Section 14.2.1. At least thirty (30) days prior to the opening of the Franchised Center, and thereafter on an annual basis, Franchisee shall provide Franchisor with a Certificate of Insurance showing compliance with the foregoing requirements (except with respect to the builder's risk insurance, which shall have already been in effect pursuant to Section 14.2.1 above). Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee.

14.4 **Franchisor's Right to Procure Insurance for Franchisee**. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. TRANSFER OF INTEREST

15.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right, without the need for Franchisee's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Upon any such transfer or assignment, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. If Franchisor transfers or assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "Iron 24 Center" business or to offer or sell any products or services to Franchisee. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, its Proprietary Products, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

15.2 **No Transfers Without Franchisor's Approval**. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee, if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

15.2.1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) the rights and/or obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchised Center.

15.2.2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so approved by Franchisor.

15.2.3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal under this Agreement.

15.2.4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any ownership interest of the Principal in Franchisee, as such is identified in Exhibit B.

15.3 **Conditions on Transfer**. Franchisor shall not unreasonably withhold any consent required by Section 15.2 above. However, if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would: (a) have the effect of changing control of Franchisee; (b) result in the assignment of the rights and obligations of Franchisee under this Agreement; or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Center, Franchisor shall have the right to require any or all of the following as conditions of its approval:

15.3.1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full, and the Franchised Location must be open and operating for business in accordance with the terms herein, provided, if Franchisee is also transferring any area development rights pursuant to an area development agreement with Franchisor, the first Iron 24 Center under that agreement must be open and operating;

15.3.2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, any approved supplier of the System, or the lessor (or sublessor) of the Premises;

15.3.3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;

15.3.4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

15.3.5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible and business standards, as well as good moral

character, business reputation, and credit rating); has the aptitude and ability to operate the Franchised Center ; absence of conflicting interests; and has adequate financial resources and capital to operate the Franchised Center;

15.3.6 At Franchisor's option, the transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees;

15.3.7 If so requested by Franchisor, the transferee, at its expense, shall upgrade the Franchised Center, and other equipment to conform to the then-current standards and specifications of new Iron 24 Centers then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor;

15.3.8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Center that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

15.3.9 The transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as Franchisor may reasonably require;

15.3.10 Franchisee shall pay a transfer fee in an amount equal of Five Thousand Dollars ($5,000) to compensate Franchisor for its expenses incurred in connection with the transfer; and

15.3.11 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 18 below.

15.4 **Additional Terms**. For any transfer not covered by Section 15.3, each transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 15.2, be subject to the requirements of Sections 15.3.3 and 15.3.4 above (with respect to execution of releases and personal guarantees).

15.5 **Security Interests**. Neither Franchisee nor any Principal shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Center unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 15, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness resulting from Franchisee's default shall be void.

15.6 **Right of First Refusal**. If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may

reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15.6. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer.

15.6.1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 15.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer.

15.6.2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 15.6, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

15.7 **Death of a Principal**. Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party acceptable to and approved by Franchisor within twelve (12) months after the death.

15.8 **Permanent Disability of Controlling Principal**. Upon the Permanent Disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months; and from which recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 15.8 as of the date of refusal. Franchisor shall pay the cost of the required examination.

15.9 **Notice to Franchisor of Death or Permanent Disability**. Upon the death or Permanent Disability of Franchisee or any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of Permanent Disability. Any transfer upon death or Permanent Disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

15.10 **Limited Exceptions**. Notwithstanding anything to the contrary in this Section 15:

15.10.1 Franchisee shall not be required to pay the transfer fee due under Section 15.3.10 above, if the transferee: (a) is a spouse, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Franchised Center; (b) is a Principal of Franchisee; or (c); is a transferee under Sections 15.7 or 15.8 above.

15.10.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 15.3.6 (signing a new franchise agreement), 15.3.7 (upgrading the Franchised Center), and 15.3.10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that: (a) Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity; (b) Franchisee and any other Principal(s) and their spouses personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement; (c) Franchisee executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to operating the Franchised Center under this Agreement; and (e) Franchisee and any other Principal(s) and their spouses execute any and all other ancillary agreements as Franchisor may require.

15.11 **Securities Offerings**. All materials required for any offering of securities or partnership interests in Franchisee by federal or state law shall be submitted to Franchisor by the offeror for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No offering shall imply, by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Franchisee or Franchisor; and review by Franchisor of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. At its option, Franchisor may require the offering materials to contain written statements or disclaimers prescribed by Franchisor including, but not limited to, any limitations stated above in this paragraph. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its actual costs and expenses associated with reviewing the proposed offering materials, including legal and accounting fees. Franchisee shall give Franchisor written notice at least sixty (60) days prior to the date of commencement of any offering or other transaction covered by this Section 15.11. Any such offering shall be subject to prior written consent of Franchisor and right of first refusal as provided in Section 15.6.

15.12 **No Waiver**. The consent of Franchisor to any transfer pursuant to this Section 15 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by any transferor or transferee.

15.13 **Bankruptcy**. If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 15.

15.14 **No Transfers in Violation of Law**. Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

16. DEFAULT AND TERMINATION

16.1 **Pre-termination Options**. Before the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates, fail to comply with any term of this Agreement, fails to comply with any term of its real estate lease for the Premises or fail to notify Franchisor that the Franchised Location is closing, then in addition to Franchisor's right to terminate this Agreement or to bring a claim for damages, Franchisor has the option to:

16.1.1 remove the listing of the Franchised Location from all advertising published or approved by Franchisor;

16.1.2 cease listing the Franchised Location on Websites and social media, and to discontinue any links to any site or page for the Franchised Location;

16.1.3 prohibit Franchisee from attending any meetings or programs held or sponsored by Franchisor;

16.1.4 terminate Franchisee's access to any computer system or software Franchisor owns, maintains, or licenses to Franchisee (whether licensed by Franchisor or by one of its affiliates);

16.1.5 suspend all services Franchisor or its affiliates provide to Franchisee under this Agreement or otherwise; and

16.1.6 contact Franchisee's landlords, lenders, suppliers, and customers about the status of Franchisee's operations and provide copies of any default or other notices to Franchisee's landlords, lenders, and suppliers.

Franchisor's actions, as outlined in this Section, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement or otherwise. Further, Franchisee acknowledges that the taking of any or all these actions on Franchisors part will not deprive Franchisee of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

In addition to Franchisor's right to terminate the Franchise Agreement, if Franchisee breaches any obligation under this Agreement and fails to cure the default within the applicable cure period provided above, Franchisee must pay Franchisor its then-current "**Standard Default Fee**" for each default on a monthly basis until the default is cured in order to offset its costs incurred to address the default.

16.2 **Automatic Termination**. Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Center shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.3 **Termination Upon Notice**. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee

any opportunity to cure the default, effective immediately by giving written notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following events:

16.3.1 If Franchisee fails to complete all pre-opening obligations and to open the Franchised Center within the time limits as provided in Sections 5.1 and 5.4 above;

16.3.2 If Franchisee or any of its Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the interest of Franchisor therein, or if Franchisee, any of its Principals or any of its employees violate the terms of Section 8.6.6;

16.3.3 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Center;

16.3.4 If Franchisee's action or inaction, at any time, results in the loss of the right to possession of the Premises, or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Center is located;

16.3.5 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 hereof;

16.3.6 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor;

16.3.7 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

16.3.8 If Franchisee fails to comply with the covenants in Section 18.2 below;

16.3.9 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Center in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, or the rights of Franchisor therein;

16.3.10 If Franchisee, after curing a default pursuant to Sections 16.4 or 16.5 hereof, commits the same default again, whether or not cured after notice.

16.3.11 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16.3.10 above);

16.3.12 If Franchisee at any time ceases to operate for twenty-four (24) hours, or otherwise abandons the Franchised Center, unless such closure is approved in writing by Franchisor, or excused by *force majeure*;

16.3.13 If Franchisee (i) fails to obtain, (ii) is unable to renew, or (iii) has revoked or loses for any reason, a proper visa granting Franchisee the right to enter and work in the United States, or if Franchisee is otherwise unable, for any reason whatsoever, to enter and work in the United States;

16.3.14 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

16.4 **Notice and Opportunity to Cure - 7 Days**. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require.

16.4.1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due;

16.4.2 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand; or

16.4.3 If Franchisee fails to operate the Franchised Center during such days and hours specified in the Manuals (this provision in no way limits Section 16.3.12).

16.4.4 If Franchisee fails to afford Franchisor unimpeded access to Franchisee's Computer System and Required Software in violation of Section 7.1.5.

16.5 **Notice and Opportunity to Cure - 30 Days**. Except as otherwise provided in Sections 16.2, 16.3 and 16.4 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

16.6 **Cross Defaults**. Any default by Franchisee under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) may be regarded as a default under this Agreement.

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and:

17.1 **Stop Operating**. Franchisee shall immediately cease to operate the Franchised Center, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor in connection with the promotion or operation of any other business.

17.2 **Stop Using the System**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark "Iron 24" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

17.3 **Cancel Assumed Names**. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Iron 24" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

17.4 **The Premises**. Franchisee shall, at the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of an Iron 24 Center under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Additionally, if Franchisor does not elect to exercise the option to acquire the lease/sublease, Franchisee shall comply with Section 18.3 below regarding a Competitive Business (as defined in Section 18.2.3 below).

17.5 **Phone Numbers and Directory Listings**. In addition, Franchisee shall cease use of all telephone numbers and any domain names, Websites, email addresses, social media accounts, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Center, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Center from all trade or business telephone directories, including "yellow" and "white" pages and any online directories, or at Franchisor's request transfer same to Franchisor. Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, Websites, social media accounts, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee. Without limiting the foregoing, Franchisee hereby agrees to execute a Telephone Number Assignment and Power of Attorney form attached to this Agreement as Exhibit F in order to implement this Section 17.5.

17.6 **No Use of Proprietary Marks or Trade Dress in other Businesses**. Franchisee agrees, in the event it continues to operate, or subsequently begins to operate, any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

17.7 **Pay Franchisor All Amounts Due**. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees, incurred

by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises at the time of default.

Upon termination of this Agreement by reason of a default by Franchisee, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to an amount of Three Hundred Dollars ($300) per month for the number of months remaining in the Franchise Agreement had it not been terminated.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. Franchisee agrees that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of Royalty Fees.

17.8 **Return of Manuals and Confidential Information**. Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks and files, correspondence, and instructions containing confidential information relating to the operation of the Franchised Center (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor. Upon Franchisor's demand, Franchisee shall, at its own expense and without compensation from Franchisor, return to Franchisor any Proprietary Products or other furnishings, equipment, signs, fixtures, supplies or inventory of Franchisee displaying the Proprietary Marks or which are proprietary to the Iron 24 System.

17.9 **Franchisor's Option to Purchase Certain Assets**. Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the other furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Center (excluding those items to be returned to Franchisor under this Section 17, including without limitation, those set forth in Section 17.8 above), at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

17.10 **Comply with Covenants**. Franchisee and its Principals shall comply with the covenants contained in Section 18.3 of this Agreement.

18. COVENANTS

18.1 **Best Efforts**. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) and Franchisee's fully trained Manager shall devote best efforts to the management and operation of the Franchised Center.

18.2 **During the Agreement Term**. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

18.2.1 Divert or attempt to divert any present or prospective business or customer of any Iron 24 Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

18.2.2 Intentionally omitted.

18.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be considered (i) any business offering fitness-related services or products; and/or (ii) any business that is the same as or similar to an Iron 24 Center. Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16.3.8 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 18.2.3 if such person was subject to the covenants of this Section 18.2.3.

18.3 **After the Agreement and After a Transfer**. Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18.3; or (e) any or all of the foregoing:

18.3.1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) at the Approved Location for the Franchised Center, (ii) within a radius of twenty (20) miles of the Franchised Center, or (iii) within a radius of twenty (20) miles of any other Iron 24 Center in operation or under construction on the effective date of termination or expiration located anywhere; provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor;

18.3.2 Franchisee shall not sublease, assign, or sell Franchisee's interest in any lease, sublease, or ownership of the Premises or assets of the Franchised Center to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.

18.4 **Exception for Ownership in Public Entities**. Sections 18.2.3 and 18.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

18.5 **Intentionally Omitted**.

18.6 **Covenants as Independent Clauses**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

18.7 **Franchisor's Right to Reduce Scope of the Covenants**. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 25 hereof.

18.8 **Covenants Survive Claims**. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18; provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18.

18.9 **Injunctive Relief**. Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor and the System, and that in the event of a breach of covenants contained in this Section 18, the damage to Franchisor would be difficult to ascertain and, in addition to other rights and remedies, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs.

19. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

19.1 **List of Principals**. If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the ownership interest of each Principal in Franchisee, shall be identified in Exhibit B hereto. Franchisee shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 15 above. As set forth in Section 8.3, the Designated Principal shall at all times have at least a ten percent (10%) interest in Franchisee.

19.2 **Guaranty, Indemnification, and Acknowledgment**. Each Principal, and each Principal's spouse, shall execute a guaranty, indemnification, and acknowledgment of Franchisee's covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

19.3 **Corporations and Limited Liability Companies**. If Franchisee or any successor to or assignee of Franchisee is a corporation or a limited liability company, Franchisee shall comply with the following requirements:

19.3.1 Franchisee shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to operating the Franchised Center.

19.3.2 Franchisee shall, upon request of Franchisor, promptly furnish to Franchisor copies of Franchisee's articles of incorporation, bylaws, articles of organization, operating agreement

and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

19.3.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee; and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 19.3.3 shall not apply to a publicly held corporation.

19.4 **Partnerships and Limited Liability Partnerships**. If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements:

19.4.1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Center.

19.4.2 Franchise shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

19.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

20. TAXES, PERMITS, AND INDEBTEDNESS

20.1 **Taxes**. Franchisee shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Center. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

20.2 **Dispute About Taxes**. In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee 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 of the Franchised Center, or any improvements thereon.

20.3 **Compliance with Laws**. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Center, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

21. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 **No Fiduciary Relationship**. Franchisee is an independent contractor. Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship. Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Center.

21.2 **Public Notice**. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Center pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify, including language identifying Franchisee as an independent business in all dealings with customers, employees, suppliers and others.

21.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Center or for any claim or judgment arising therefrom against Franchisee or Franchisor.

21.4 **Indemnification**.

21.4.1 Franchisee must defend, indemnify, and hold harmless Franchisor and its affiliates, and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**"), from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or threatened or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the Franchised Center's operation, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement, or Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees. Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity under this provision, provided, however, that its failure to provide such notice will not release Franchisee from its indemnification obligations under this Section except to the extent Franchisee is actually and materially prejudiced by such failure.

21.4.2 Franchisee has the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of such counsel's fees and disbursements. If (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the Indemnified Party's reasonable opinion, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (b) Franchisee does not assume responsibility for such Losses in a timely manner or fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Franchisee must pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense. Franchisee or the Indemnified Party (as the case may be) agrees to keep the other reasonably apprised of, and respond to any reasonable requests concerning, the status of the defense of any claim, and Franchisee and the Indemnified Party agree to cooperate in good faith with each other with respect to the defense of any such claim. Franchisee may not, without the Indemnified Party's prior written consent, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may

adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with this Section may be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary in this Section, if a claim involves the Proprietary Marks, Franchisee agrees that Franchisor has the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by Franchisor, but reasonably satisfactory to Franchisee.

21.4.3 Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or Franchisor's failure to compel Franchisee to comply with this Agreement.

21.4.4 For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

21.4.5 Franchisee's obligations in this Section will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee under this Section. Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section.

22. APPROVALS AND WAIVERS

22.1 **Approval Requests**. Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

22.2 **Non-waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

23. WARRANTIES OF OPERATOR

23.1 **Reliance by Franchisor**. Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in

connection with this Agreement are true, correct and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

23.2 **Compliance with Laws**. Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

24. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party, and provided that Franchisor may provide Franchisee notice to electronically to the email address included on the signature page of this Agreement, read receipt requested, unless and until a different email address has been designated by written notice to Franchisor. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

25. ENTIRE AGREEMENT

Franchisor and Franchisee, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Franchisee which are uncertain, Franchisor and Franchisee each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Franchisee or the relationship between them. Franchisor and Franchisee agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 25 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the Franchise Disclosure Document which Franchisee acknowledges receiving at least 14 days before signing this Agreement or paying any money, or not in writing and signed by Franchisor and Franchisee, are void and not enforceable.

26. SEVERABILITY AND CONSTRUCTION

26.1 **Severable Parts**. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

26.2 **Terms Surviving this Agreement**. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause), shall survive such expiration, termination or assignment.

26.3 **No Rights on Third Parties**. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

26.4 **Full Scope of Terms**. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

26.5 **Franchisor's Application of its Rights**. Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or a right to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and in its judgment of what is in Franchisor's best interests and/or in the best interests of Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interests; (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

27. APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Texas or of any other state to which it would not otherwise be subject.

27.2 **Non-Binding Mediation**. Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless Franchisor agrees otherwise in writing. Notwithstanding anything to the contrary, this Section 27.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Franchisee's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Franchisor and Franchisee shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service. This Section 27.2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

27.3 **Arbitration**. Franchisor and Franchisee agree that, subject to Section 27.2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Franchisee and Franchisor;

(2) Franchisor's relationship with Franchisee;

(3) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or

(4) any System standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator, which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal

Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

27.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 27.7 below, award any punitive, exemplary or multiple damages against either party.

27.3.2 Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

27.3.3 Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

27.3.4 Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section 27.3.

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

27.4 **Consent to Jurisdiction**. Subject to the mediation and arbitration obligations in Sections 27.2 and 27.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Center is located.

27.5 **No Rights Exclusive of Other Rights**. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

27.6 **WAIVER OF JURY TRIAL**. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

27.7 **WAIVER OF PUNITIVE DAMAGES**. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

27.8 **Limitation**. The parties agree that, except as provided below, no mediation or arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by Franchisee against any person and/or entity affiliated with Franchisor), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such mediation or arbitration proceeding, action or suit before the expiration of the earlier of: (a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or (b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

27.8.1 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

27.8.2 The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

27.8.3 The foregoing limitations shall not apply to Franchisor's claims arising from or related to: (1) Franchisee's under-reporting of Net Sales; (2) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any affiliated or otherwise related entity; (3) indemnification by Franchisee; (4) Franchisee's confidentiality, non-competition or other exclusive relationship obligations; and/or (5) Franchisee's unauthorized use of the Proprietary Marks.

27.9 **Intentionally Omitted**.

27.10 **Intentionally Omitted**.

27.11 **Injunctive Relief**. Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.12 **Counterparts; Paragraph Headings; Pronouns**. This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

27.13 **Security Interest**. Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchised Center, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements

therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code.

27.14 **Attorneys' Fees**. In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter

27.15 **No Waiver**. Except as otherwise provided in this Section 27.15, neither of Franchisor or Franchisee will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless Franchisor has done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, Franchisee agrees that it will give Franchisor immediate written notice of any claimed breach or violation of this Agreement as soon as possible after it has knowledge, or determines, or is of the opinion, that there has been a breach or violation by Franchisor of this Agreement. If Franchisee fails to give written notice to Franchisor of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date it has knowledge, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating, that Franchisee may have a claim against Franchisor or against any of its affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by Franchisee, and Franchisee will be barred from beginning any legal, arbitration, or other action against Franchisor or against its affiliates, or from instituting any counterclaim against Franchisor or its affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action Franchisor may maintain against Franchisee.

28. ACKNOWLEDGMENTS

28.1 **FRANCHISEE'S INVESTIGATION OF THE BUSINESS POSSIBILITIES**. FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING AN IRON 24 CENTER, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S

FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

28.2 **Receipt of FDD and Complete Agreement**. Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Franchisee for the franchise rights granted under this Agreement. Franchisee further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Franchisee of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format. **Nothing in this Agreement, or in any related agreement, is intended to disclaim the representations made in the Franchise Disclosure Document.**

28.3 **Franchisee Read the Agreement and Consulted**. Franchisee acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

28.4 **Franchisee's Responsibility for Operation of Business**. Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Center, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Center and the implementation and maintenance of System standards at the Franchised Center. Franchisee acknowledges that it is solely responsible for all aspects of the Franchised Center's operations, including employee and human resources matters. Franchisee further acknowledges that any controls implemented by Franchisor are for the protection of the System and the Proprietary Marks and not to exercise any control over the day-to-day operation of the Franchised Center.

28.5 **No Conflicting Obligations**. Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

28.6 **Different Franchise Offerings to Others**. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

28.7 **Good Faith**. Franchisor and Franchisee acknowledge that each provision in this Agreement has been negotiated by the parties hereto in good faith and the Agreement shall be deemed to have been drafted by both parties. It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision.

28.8 **Success Depends on Franchisee**. Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability (or if Franchisee is other than an individual, the ability of its Principals) as (an) independent businessperson(s), its active participation in the daily affairs of the business, market conditions,

area competition, availability of product, quality of services provided as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

28.9 **Patriot Act**. Franchisee represents and warrants that to its actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Center, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

28.10 **No Guarantees**. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.

[SIGNATURE PAGE FOLLOWS]

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement in duplicate on the day and year first above written.

FRANCHISOR:
IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Address for Notices:

Attn: Compliance Officer
Iron 24 Franchising, LLC
2880 Broadway Bend Drive, Building #1
Pearland, Texas 77584

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

Address for Notices:

_____
_____
_____
Email:_____
Telephone:_____
Fax:_____
Attn:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

1. The Site Selection Area (See Section 1.2) for the Franchised Center shall be:

_____
_____
_____

2. The Approved Location (See Section 1.3) for the Franchised Center shall be:

_____
_____
_____

3. The Territory shall be (subject to the terms of the Agreement, including but not limited to Section 1.5 of the Agreement) as follows, and which Territory is reflected on the map attached to this Exhibit A:

_____
_____
_____

4. The initial Franchise Fee shall be $_____ (See Section 4.1). Notwithstanding anything to the contrary in the Franchise Agreement, if this Franchise Agreement is executed pursuant to an Area Development Agreement, the initial Franchise Fee shall be subject to a credit in accordance with the Area Development Fee that has been paid. (See Section 4 of Area Development Agreement.)

IRON 24 FRANCHISING, LLC

Initial: _____ Date: _____

FRANCHISEE

Initial: _____ Date: _____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT B
LIST OF FRANCHISEE'S PRINCIPALS AND DESIGNATED PRINCIPAL

FRANCHISEE'S PRINCIPALS

The following identifies all of Franchisee's Principals (as defined in Section 6.1 of the Franchise Agreement), including each Principals address and percentage of beneficial interest in Franchisee:

Name of Principal	Address, Telephone, Email	Interest (%) with Description
		Total %:

FRANCHISEE'S DESIGNATED PRINCIPAL

The following identifies Franchisee's Designated Principal (as defined in Section 8.3.1 of the Franchise Agreement), including his/her contact information and percentage of beneficial interest in Franchisee:

Name of Designated Principal	Address, Telephone, Email	Interest (%) with Description

IRON 24 FRANCHISING, LLC

Initial: _____ Date: _____

FRANCHISEE

Initial: _____ Date: _____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Iron 24 Franchising, LLC ("**Franchisor**") to enter into the Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____, 20____ (the "**Agreement**"), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor's successors and assigns that all of Franchisee's covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this "**Guaranty**") is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 10, 11, 15, 17, and 18. Signature by the undersigned on this Guaranty constitutes the undersigned's signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Franchisee by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the "Iron 24" marks or system licensed to Franchisee under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors, if any, will continue in full force and effect.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of the State of Texas shall prevail (without regard to, and without giving effect to, the application of Texas conflict of law rules).

IN WITNESS WHEREOF, the undersigned has executed this Guaranty, Indemnification and Acknowledgement as of the date of the Agreement.

GUARANTOR(S):

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS AND CREDIT CARD AUTHORIZATION

EFT AUTHORIZATION

As part of the Franchise Agreement with Iron 24 Franchising, LLC (the "**Franchisor**"), the "**Franchisee**" understands that it will receive and make payments which will be processed by Electronic Funds Transfer ("**EFT**") using the Automated Clearing House ("**ACH**") method. The EFT/ACH debit will move funds directly from Franchisor's account into Franchisee's account and from Franchisee's account into Franchisor's account.

The Franchisee hereby authorizes its bank to receive payments via EFT/ACH from the Franchisor, as well as pay and charge to its account EFT/ACH debits and drafts drawn by and payable to the order of the Franchisor. This authorization remains in full force and effective until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Should the bank dishonor any draft or EFT/ACH debit or credit with or without cause, the Franchisee releases the bank from any and all liability.

Franchisee: _____

Designated Operator: _____

Address: _____

City, _____ State, _____ and Zip: _____

Please provide two Email addresses for Draft Notices

Email:_____ Email:_____

Please sign the acknowledgement below and return

_____ _____ _____
Financial Institution Routing Number Account Number

Signature of Authorized Signer:_____ Date:_____

CREDIT CARD AUTHORIZATION

Credit Card Information
Card Type: ☐ MasterCard ☐ VISA ☐ Discover ☐ AMEX □ Other _____
Cardholder Name (as shown on card): _____
Card Number: _____
Expiration Date (mm/yy): _____
Cardholder ZIP Code (from credit card billing address): _____

Franchisee hereby authorizes Franchisor and its affiliates to charge the above-referenced card all amounts due to Franchisor or its affiliates pursuant to the Franchise Agreement and any other agreement between Franchisee and its affiliates and Franchisor and its affiliates. This authorization remains in full force and effect until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Franchisee understands that its information will be saved to file for all transactions.

Signature of Authorized Signer:_____ Date:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT E
NON-DISCLOSURE AGREEMENT
FOR FRANCHISEE'S EMPLOYEES

THIS NON-DISCLOSURE AGREEMENT ("Agreement") is made this _____ day of _____, 20___, by and between _____ ("**us**" "**we**" "**our**" or the "**Franchisee**"), and _____, an employee of Franchisee ("**you**" or the "**Employee**").

Introduction

Iron 24 Franchising, LLC (the "**Franchisor**") and its affiliates have developed and own a format and system (the "**System**") for the establishment and operation of technology-driven fitness centers that offer low-cost gym memberships, with no contracts or sales pitches, providing 24-hour access to a full array of top-quality equipment in clean, convenient, and welcoming spaces that operate under the name "Iron 24" (each is referred to as a "**Iron 24 Center**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate an Iron 24 Center (the "**Franchised Center**") under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment with Franchisee, you will be trained by us and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of an Iron 24 Center and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations:

1. Confidential Information. You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person.

2. Definitions. As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Center and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential"). Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor).

3. Covenants.

a. You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information.

b. You covenant and agree that during the term of your employment, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

i. Divert or attempt to divert any current or potential business account or customer of the Franchised Center (or of any Iron 24 Center) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise;

ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System;

4. Legal and Equitable Remedies. You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. Severability. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. Delay. No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. Third-Party Beneficiary. You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us.

8. Jurisdiction; Applicable Law. You agree that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the courts of the county where Franchisor has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed. This Agreement shall be governed by the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules.

IN WITNESS WHEREOF, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

EMPLOYEE

Signature:_____

Printed Name:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT F
TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Iron 24 Franchising, LLC upon the following terms:

1. This assignment is made under the terms of the Iron 24 Franchising, LLC Franchise Agreement dated _____, 20___ authorizing Franchisee to operate an Iron 24 Center (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Center covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are:
Main Telephone: _____, Facsimile: _____ and all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Center in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Telephone Number Assignment Agreement and Power of Attorney to be duly signed as evidenced by their signatures appearing below. Signed the _____ day of _____, 20___.

FRANCHISOR: **IRON 24 FRANCHISING, LLC**	**FRANCHISEE:** _____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT G
LEASE RIDER

LEASE RIDER

This Lease Rider is attached to the Lease between LANDLORD and TENANT dated _____, 20___ and is a part of the Lease. If any terms of this Lease Rider are different from or do not agree with the provisions of the Lease, LANDLORD and TENANT will follow and observe the provisions of this Lease Rider with regard to those terms.

BACKGROUND

A. Tenant is a franchisee of Iron 24 Franchising, LLC ("Franchisor") for the operation of an Iron 24™ center. Landlord and Tenant have executed a lease agreement dated _____ ("Lease") for the premises located at _____("Leased Premises") for use by Tenant as its Iron 24™ center ("Franchised Business") in connection with a Franchise Agreement dated _____by and between Franchisor and Tenant ("Franchise Agreement");

B. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein.

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Default Notice. In the event there is a default under the Lease by Tenant, Landlord agrees that it shall furnish to Franchisor, contemporaneously with that to Tenant written notice of any default and the action required to cure such default, at the following address:

Iron 24 Franchising, LLC
2880 Broadway Bend Drive, Building #1
Pearland, Texas 77584
Telephone: (877) 903-2927, ext. 809

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to, at Franchisor's option: either (i) Franchisor or its affiliate; or (ii) another franchisee of Franchisor who meets Franchisor's requirements for operating as a franchisee within the Iron 24 system (a "Qualified Franchisee"); all of its rights, title and interest in and to the Lease, and Franchisor, its affiliate, or such Qualified Franchisee, as applicable, may agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and may assume Tenant's occupancy rights for the remainder of the term of the Lease. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor or a Qualified Franchisee, and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease, or designate a Qualified Franchisee to enter into a new lease, with Landlord containing terms and conditions no less favorable than the Lease. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor or the Qualified Franchisee, as applicable, free and clear

of all rights of Tenant or third parties, subject to Franchisor or the Qualified Franchisee executing an acceptance of the assignment of Lease or new lease, as the case may be. Should Franchisor or its affiliate accept assignment of the Lease hereunder, Landlord agrees that it may thereafter assign its interest in the Lease to a Qualified Franchisee who would then become the lessee.

3. De-identification. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, and the Lease is not assigned pursuant to the provisions herein, Tenant and Landlord acknowledge that Tenant is required to remove all of Iron 24 proprietary trademarks, service marks, trade dress, and signs, materials, designs and logos of Franchisor. Landlord will cooperate with Franchisor in enforcing such requirement, including without limitation, by allowing Franchisor, its employees and agents to enter the Leased Premises in order to enforce this provision; provided, that Landlord is not required to bear any expenses associated with the enforcement of this provision.

4. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all of the obligations of Tenant on its part to be performed or observed under the Lease from and after the date of assignment, or the new lease.

5. Third Party Beneficiary. Landlord and Tenant agree and acknowledge that Franchisor is an intended third-party beneficiary to the Lease, and as such, the Lease may not be amended or cancelled so as to affect any the Lease, or the intent of the same, without the prior written approval of Franchisor, which approval shall not be unreasonably withheld.

6. Lease Rider to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Lease Rider and the Lease, the terms of this Lease Rider shall prevail.

7. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

BY SIGNING THIS LEASE RIDER, TENANT AND LANDLORD AGREE THAT THEY HAVE READ AND UNDERSTAND ALL OF THE AGREEMENTS IN THIS LEASE RIDER AND THAT THE TERMS AND CONDITIONS OF THIS LEASE RIDER ARE FULLY INCORPORATED INTO THE LEASE AS IF FULLY SET FORTH THEREIN.

LANDLORD NAME
a _____.

By: _____
Name: _____
Title: _____

TENANT NAME
a _____.

By: _____
Name: _____
Title: _____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT H
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Iron 24 Franchising, LLC (the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "**Franchise Agreement**") for the establishment and operation of an "**Iron 24 Center**." The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("**Broker**") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Iron 24 Center from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Iron 24 Center from an existing Franchisee?

Yes _____ No _____

2. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____
_____

4. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("**Disclosure Document**") that was provided to you?

Yes _____ No _____

5. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

6. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

_____

7. Have you discussed the benefits and risks of establishing and operating an Iron 24 Center with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8. Do you understand that the success or failure of your Iron 24 Center will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

9. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Iron 24 Center operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating an Iron 24 Center that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue an Iron 24 Center will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating an Iron 24 Center that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an Iron 24 Center?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

15. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

16. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 8, or Yes to any one of questions 9-16, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 8, and No to each of questions 9-16, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

The name of the salesperson or salespersons that handled this franchise sale was:

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

INDIVIDUAL

_____
Signature
Print Name:_____

_____
Signature
Print Name:_____

_____
Signature
Print Name:_____

_____
Signature
Print Name:_____

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature
Print Name:_____
Title:_____

IRON 24 FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT I
STATE ADDENDA

THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE ADDENDA TO THE
FRANCHISE AGREEMENT

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 27.4 ("Consent to Jurisdiction") of the Franchise Agreement:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW**. Section 27.1 of the Franchise Agreement is deleted and replaced with the following:

> Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 27.16 of the Franchise Agreement:

> 27.16 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY**. The following sentence is added to the end of Section 16.2 of the Franchise Agreement:

> Section 16.2 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **FORUM FOR LITIGATION**. The following language is added to the end of Section 27.4 ("Consent to Jurisdiction") of the Franchise Agreement:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW**. The following sentence is added to the end of Section 27.1 ("Governing Law") of the Franchise Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 27.8 ("Limitation") of the Franchise Agreement:

> Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Franchisee the franchise.

7. **ACKNOWLEDGMENTS**. The following is added as a new Section 29 to the end of the Franchise Agreement and to the Franchisee Disclosure Questionnaire:

29. ACKNOWLEDGEMENTS.

All representations requiring Franchisee 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.

8. **FINANCIAL ASSURANCE.** Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL TERM AND TERMINATION TERM**. The following is added to the end of Sections 2.2 and 16.3 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 9.4.15 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, cots or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 27.4 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE'S RIGHTS TO ANY

PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW**. The following statement is added at the end of Section 27.1 of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 27.6 and 27.7 of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS**. The following is added to the end of Section 27.8 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF**. Section 18.9 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Addendum is being signed because (a) Franchisee is domiciled in the State of New York and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **FRANCHISOR'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 15.1 of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of Sections 2.2.4, 8.26, and 15.3.3 of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY FRANCHISEE**. The following language is added as Section 16.7 of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 18.9:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 27.4 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 27.1 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 18.3 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW**. Section 27.1 of the Franchise Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5. **FORUM FOR LITIGATION**. The following is added to the end of Section 27.4 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE'S MEDIATION AND ARBITRATION OBLIGATIONS, FRANCHISEE

MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 27.6 and 27.7 of the Franchise Agreement are deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 27.8 of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Rhode Island and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.2 and 16.3:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 27.1 and 27.4 of the Franchise Agreement:

> SECTION 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 WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with the Franchisor, including the areas of termination and renewal of the franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise

Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting a Franchisee from (i) soliciting or hiring any employee of a franchisee of the Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

3. **FINANCIAL ASSURANCE**. Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under the Franchise Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.2 and 16.3:

> Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

EXHIBIT D
AREA DEVELOPMENT AGREEMENT

© 2022 Iron 24 Franchising, LLC

IRON 24 FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER

DEVELOPMENT AREA

EFFECTIVE DATE OF AGREEMENT

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EXHIBIT A – DATA SHEET
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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "**Agreement**") is made and entered into on this _____day of _____, 20___ (the "**Effective Date**"), by and between:

- Iron 24 Franchising, LLC, a Texas limited liability company, whose principal place of business is 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584 ("**Franchisor**"); and

- _____a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at ____ _____ _____ ("**Area Developer**").

BACKGROUND:

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of technology-driven fitness centers that offer low-cost gym memberships, with no contracts or sales pitches, providing 24-hour access to a full array of top-quality equipment in clean, convenient, and welcoming spaces that operate under the Proprietary Marks (as defined below) (each a "**Iron 24 Center**").

B. The distinguishing characteristics of the System include trade dress, distinctive interior design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Iron 24™" and other marks (the "**Proprietary Marks**").

D. Area Developer desires to obtain certain development rights to open and operate Iron 24 Centers under the System and the Proprietary Marks, as well as to receive other assistance provided by Franchisor in connection therewith.

NOW THEREFORE, the parties agree as follows:

1. GRANT

1.1 **Grant and Acceptance**. Franchisor grants development rights to Area Developer, and Area Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Iron 24 Centers (the "**Franchised Centers**") as set forth in Exhibit A to this Agreement. In this regard, the parties further agree that:

1.1.1 Each Franchised Center developed hereunder shall be operated pursuant to a separate Iron 24 Franchising, LLC Franchise Agreement (a "**Franchise Agreement**") that shall be executed as provided in Section 3.4 below.

1.1.2 For each Franchised Center to be developed under this Agreement, Area Developer shall execute the Franchise Agreement for such Franchised Center in accordance with the deadlines set forth in the development schedule specified in Paragraph 1 of Exhibit A to this Agreement (the "**Development Schedule**").

1.1.3 Each Franchised Center developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within in the area described in Paragraph 2 of Exhibit A to this Agreement (the "**Development Area**").

1.2 **Development Area**. Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1.3), during the term of this Agreement, and so long as Area Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Area Developer (including any affiliate of Area Developer), Franchisor shall not establish or operate, or license anyone other than Area Developer to establish or operate, an Iron 24 Center under the Proprietary Marks and System at any location that is within the Development Area.

1.3 **Franchisor's Reserved Rights**. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Area Developer any rights therein:

1.3.1 To own, acquire, establish, and/or operate and license others to establish and operate, Iron 24 Centers under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Centers;

1.3.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Iron 24 Centers, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Centers;

1.3.3 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet), including products bearing Franchisor's Proprietary Marks; and

1.3.4 To (i) acquire one or more retail businesses that are the same as, or similar to, Iron 24 Centers then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Centers, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as an Iron 24 Center under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

1.3.4.1 Provided that Area Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Area Developer the option to purchase and operate, as an Iron 24 Center, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Area Developer such an option, Franchisor shall provide Area Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Area Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions

offered to Area Developer shall include, without limitation, the following: (a) the purchase price will be based on Franchisor's purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below), then Area Developer's purchase price for such Acquired Business shall be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by Franchisor in the same transaction; and (b) the requirement that Area Developer enter into Franchisor's then-current form of System franchise agreement for the Acquired Business, provided that Area Developer shall not be required to pay an initial franchise fee for an Acquired Business. If Area Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Proprietary Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), Franchisor may also license to a licensee or franchisee under the Acquired System additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Development Area.

1.4 **No Rights to Use the System**. This Agreement is not a Franchise Agreement, and does not grant to Area Developer any right to use the Proprietary Marks or the System or to sell or distribute any products or services. Area Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Centers to be located in the Development Area as set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A; or (ii) the final date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the "**Expiration Date**").

3. DEVELOPMENT OBLIGATIONS

3.1 **Time is of the Essence**. Recognizing that time is of the essence, Area Developer shall comply strictly with the Development Schedule. Area Developer acknowledges and agrees that the Development Schedule requires that Area Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Centers by the end of the time periods specified in Exhibit A.

3.2 **Identifying and Securing Sites**. Area Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Franchised Center. The following terms and conditions shall apply to each Franchised Center to be developed hereunder:

3.2.1 Area Developer shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include; (i) a site approval form prescribed by Franchisor; (ii) a trade area and site marketing research analysis (prepared by a company approved in advance by Franchisor); (iii) an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Area Developer's favorable prospects for obtaining such site; (iv) photographs of the site; (v) demographic statistics; and (vi) such other information or materials as Franchisor may reasonably require (collectively, the "**SAP**"). Franchisor shall have twenty (20) business days after receipt of the SAP from Area Developer to approve or disapprove, in its sole discretion, the proposed site for the Franchised Center. In the event Franchisor does not approve a

proposed site by written notice to Area Developer within said twenty (20) business days, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

3.2.2 Following Franchisor's approval of a proposed site, Area Developer shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 3.3 below. Area Developer shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" under the Franchise Agreement executed pursuant Section 3.4 below.

3.2.3 Area Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Center or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Area Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Area Developer's expectations as to revenue or operational criteria.

3.3 **Lease Terms**. For each Franchised Center to be developed hereunder, if Area Developer will occupy the premises from which the Franchised Center will be operated under a lease or sublease, Area Developer shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Area Developer may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require. A Lease Rider containing Franchisor's current requirements is included as an exhibit to the Franchise Agreement, which Area Developer must execute and must cause to be executed by the landlord to its lease as a condition to Franchisor's approval hereunder.

3.4 **Franchise Agreements**. With respect to the Franchise Agreements to be executed for the Franchised Centers to be developed pursuant to this Agreement, the following terms and conditions shall apply:

3.4.1 The Franchise Agreement for the first Franchised Center to be developed under this Agreement shall be executed simultaneously with the execution of this Agreement.

3.4.2 The Franchise Agreement for each subsequent Franchised Center to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement executed simultaneously with this Agreement including, without limitation, higher and/or additional fees; provided, however, so long as Area Developer is in compliance with this Agreement, the initial franchise fee (as set forth in Section 4.3 below) shall not exceed Twenty Thousand Dollars ($20,000).

3.4.3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Area Developer; provided that (a) each such franchisee entity is controlled by, or under common control with, Area Developer, and (b) the Area Developer and all Principals (as

defined in Section 9.1 below) of Area Developer, and their spouses, as requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of franchisee's obligations under the Franchise Agreement.

3.4.4 Area Developer must execute each Franchise Agreement in accordance with the Development Schedule. Failure to timely execute a Franchise Agreement as required by this Section 3.4 will constitute a default under this Agreement. Area Developer shall thereafter comply with all pre-opening and opening requirements set forth in the Franchise Agreement relating to the Franchised Center.

3.5 **Force Majeure Events**. Neither party shall be responsible for non-performance or delay in performance occasioned by a "**force majeure,**" which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, pandemic, or any other cause beyond the reasonable control of such party; provided, however, force majeure shall not include Area Developer's lack of adequate financing, and no event of force majeure shall relieve a party of the obligation to pay any money under this Agreement. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Area Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay.

4. DEVELOPMENT FEE AND INITIAL FRANCHISE FEE

4.1 **Area Development Fee**. In consideration of the development rights granted herein, upon execution of this Agreement, Area Developer shall pay an area development fee ("**Area Development Fee**") that is equal to Ten Thousand Dollars ($10,000) multiplied by the number of Franchised Centers to be developed and opened within the Development Area during the term of this Agreement and in accordance with the Development Schedule; the total amount of such Area Development Fee is specified in Paragraph 3 of Exhibit A. The Area Developer expressly acknowledges and agrees that the Area Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted herein to Area Developer, even if Area Developer does not enter into any Franchise Agreements pursuant to this Agreement.

4.2 **Credit Towards Franchise Fee**. If Area Developer is in compliance with its obligations under this Agreement and any other agreement with Franchisor, then upon execution of each Franchise Agreement executed pursuant to the Development Schedule, Franchisor will credit towards the Franchise Fee (as set forth in Section 4.3 below) for said Franchise Agreement, the sum of Ten Thousand Dollars ($10,000). In no circumstances will Franchisor grant credits in excess of the total Area Development Fee paid by Area Developer, as set forth in Paragraph 3 of Exhibit A.

4.3 **Franchise Fees**. Notwithstanding anything to the contrary in any of the Franchise Agreements, the initial franchise fee (the "**Franchise Fee**") that shall be paid by Area Developer for each Franchised Center to be developed pursuant to the Development Schedule shall not exceed Twenty Thousand Dollars ($20,000), which shall be paid in full upon execution of each such Franchise Agreement, less any credit that may be applied pursuant to Section 4.2.

5. DUTIES OF THE PARTIES

5.1 **Franchisor's Assistance**. Franchisor shall furnish to Area Developer the following:

5.1.1 Site selection guidelines, including Franchisor's minimum standards for Iron 24 Center sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2 Such on-site evaluation as Franchisor deems advisable in response to Area Developer's request for site approval for each Franchised Center; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a SAP for such site prepared by Area Developer pursuant to Section 3.2.

5.2 **Designated Principal**. If Area Developer is other than an individual, Area Developer shall designate, subject to Franchisor's reasonable approval, one Principal (as defined in Section 9.1) who is both an individual person and owns at least a ten percent (10%) of Area Developer, and who shall be responsible for general oversight and management of the development of the Franchised Centers under this Agreement and the operations of all such Franchised Centers open and in operation on behalf of Area Developer (the "**Designated Principal**"). Area Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Area Developer, the responsibility and decision-making authority regarding the Area Developer's business and operation. In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Area Developer, transfers his/her interest in Area Developer, or otherwise ceases to supervise the development of the Franchised Centers, Area Developer shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

5.3 **Records and Reports to Franchisor**. Area Developer shall, at Area Developer's expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 No later than the twentieth (20^{th}) day of each calendar month, Area Developer shall have prepared a profit and loss statement reflecting all of Area Developer's operations during the last preceding calendar month, for each Franchised Center. Area Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Area Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request.

5.3.2 On April 15th of the year following the end of Area Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant.

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 **Maintaining Records**. Area Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Area Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.5 **Area Developer to Provide Training**. Area Developer agrees that, notwithstanding anything to the contrary in any Franchise Agreement, Area Developer shall be responsible for conducting the initial training of all required trainees (including, without limitation, the owners and management personnel) for the fourth (4th) and any subsequent Franchised Centers developed under this Agreement, in accordance with the requirements and conditions as Franchisor may from time to time establish for the initial training. By no later than the time Area Developer is seeking Franchisor's approval to develop the fourth (4th) Franchised Center under this Agreement, Area Developer shall have completed to Franchisor's satisfaction all requirements and conditions necessary to obtain Franchisor's approval for Area Developer to conduct such training.

6. DEFAULT AND TERMINATION

6.1 **Automatic Termination**. Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; if Area Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; if final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Area Developer is dissolved; if execution is levied against any asset of Area Developer or Area Developer's Franchised Centers; if suit to foreclose any lien or mortgage against any asset of Area Developer or Area Developer's Franchised Centers is instituted against Area Developer and not dismissed within thirty (30) days; or if any asset of Area Developer's or any Franchised Center of Area Developer's shall be sold after levy thereupon by any sheriff, marshal, or constable.

6.2 **Termination Upon Notice**. Area Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6.5 below, without affording Area Developer any opportunity to cure the default, effective immediately upon the provision of notice to Area Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default:

6.2.1 If the Franchise Agreement for any Franchised Center operated by Area Developer (or an entity affiliated with Area Developer) is terminated.

6.2.2 If Area Developer or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

6.2.3 If Area Developer or any Principal purports to transfer any rights or obligations under this Agreement or any the assets of Area Developer in a manner that is contrary to the terms of Section 7 of this Agreement.

6.2.4 If any Franchised Center operated by Area Developer (or an entity affiliated with Area Developer) at any time ceases to operate for a period of more than twenty four (24) hours, or is otherwise abandoned, unless such closure is approved in writing by Franchisor, or excused by *force majeure*.

6.2.5 If Area Developer misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System.

6.2.6 If Area Developer breaches any material provision of this Agreement which breach is not susceptible to cure.

6.3 **Missed Deadline**. Failure by Area Developer to meet a deadline under the Development Schedule (a "**Missed Deadline**") shall constitute a default under this Agreement. In such an event, Franchisor, in its discretion, may terminate this Agreement and all rights granted in accordance with this Agreement; or Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to take any of the actions described in Section 6.5 below.

6.4 **Notice and Opportunity to Cure Other Defaults**. Except as otherwise provided in Sections 6.1, 6.2 , and 6.3 above, if Area Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the 30-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Centers) will terminate without further notice to Area Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

6.5 **Franchisor's Other Options Upon Default**. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Area Developer's breach of this Agreement, which include, but are not limited to: (i) termination of the credit towards Franchise Fees granted in Section 4.2 hereof; (ii) loss of the limited exclusivity, or reduction in the scope of protections, granted to Area Developer under Section 1.2 herein for the Development Area; (iii) reduction in the scope of the Development Area; (iv) reduction in the number of Franchised Centers to be developed by Area Developer; and/or (v) Franchisor's retention of all area development fees paid, or owed, by Area Developer. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement.

6.6 **No Further Rights**. Upon termination or expiration of this Agreement, Area Developer shall have no right to establish or operate any Iron 24 Center for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Area Developer's breach of this Agreement shall include, without limitation, Area Developer's loss of its right to develop additional Franchised Centers under this Agreement, and Franchisor's retention of all area development fees paid or owed by Area Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Iron 24 Centers in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer or Area Developer's affiliates (as permitted under Section 3.4.3 above).

6.7 **Damages Upon Termination**. In addition to the above, upon termination or expiration of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Area Development, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Area Developer at the time of default. Upon termination of this Agreement by

reason of a default by Area Developer, Area Developer agrees to pay to Franchisor within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to an amount of Three Hundred Dollars ($300) per month for the number of months remaining in each Franchise Agreement Area Developer is required to sign with Franchisor as set forth on Exhibit A, had this Agreement not been terminated. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

7. TRANSFER OF INTEREST

7.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right, without the need for Area Developer's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

7.2 **No Transfers Without Franchisor's Approval**. Area Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Area Developer or the Principals of Area Developer if Area Developer is not an individual. Accordingly, neither Area Developer nor any Principal shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Area Developer (including any direct or indirect interest in a corporate or partnership Area Developer), the rights or obligations of Area Developer under this Agreement, or any material asset of the Area Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7.3 and 7.4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Area Developer's first Franchised Center under its first Franchise Agreement must be open and operating, and Area Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Area Development and its affiliates, and Franchisor).

7.3 **Simultaneous Transfers**. Area Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee.

7.4 **Transfer Fee**. At the request of Franchisor, Area Developer shall pay a transfer fee of Ten Thousand Dollars ($10,000) for each Franchised Center that remains to be developed and opened in order to satisfy the Development Schedule, but not less than fifty percent (50%) of the Area Development Fee paid. Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee due under such Franchise Agreement(s) shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s).

7.5 **Transfer to Entity Formed for by Area Developer**. Notwithstanding anything to the contrary in this Section 7, if Area Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the

conditions of Sections 7.4 shall not apply, and Area Developer may undertake such transfer, provided that: (a) Area Developer owns one hundred percent (100%) of the equity interest in the transferee entity; (b) Area Developer and any other Principal(s) and their spouses personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Area Developer under this Agreement; (c) Area Developer executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to developing and operating the Franchised Centers; and (e) Area Developer and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

8. COVENANTS

8.1 **Confidential Information**. Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.2 **During the Term**. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

8.2.1 Divert or attempt to divert any business or guest of any Iron 24 Center or of any unit under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

8.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be considered (i) any business offering fitness-related services or products; and/or (ii) any business that is the same as or similar to an Iron 24 Center. Area Developer acknowledges and agrees that Area Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6.2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Area Developer (or, if Area Developer is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.2 if such person was subject to the covenants of this Section 8.2.2.

8.3 **After the Agreement and After a Transfer**. Area Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Area Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to

be, located (i) within the Development Area (other than those Franchised Centers provided for in the Development Schedule), or (ii) within a radius of twenty (20) miles of any other Iron 24 Center in operation or under construction on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Area Developer of any business under the System under a franchise agreement with Franchisor.

8.4 **Exception for Ownership in Public Entities**. Sections 8.2 and 8.3 hereof shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "**publicly held corporation**" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

8.5 **Personal Covenants**. At the request of Franchisor, Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer) and the provisions of Sections 6 and 7 of this Agreement (as modified to apply to an individual) from all managers and other personnel employed by Area Developer who have received or will receive training and/or other confidential information, or who are or may be involved in the operation or development of the Franchised Centers. Every covenant required by this Section 8.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

8.6 **Covenants as Independent Clauses**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 **Franchisor's Right to Reduce Scope of the Covenants**. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof.

8.8 **Covenants Survive Claims**. Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

8.9 **Compliance with Laws**. Area Developer represents and warrants to Franchisor that neither Area Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

9. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

9.1 **List of Principals**. If Area Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Area Developer (each a "**Principal**"), and the interest of each Principal in Area Developer, shall be identified in Exhibit B to the Agreement. Area Developer shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 7 above. As set forth in Section 5.2 above, the Designated Principal shall at all times have at least a ten percent (10%) interest in Area Developer.

9.2 **Guaranty, Indemnification, and Acknowledgment**. Each Principal, and each Principal's spouse, shall execute a guaranty, indemnification, and acknowledgment of Area Developer's covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

9.3 **Corporations and Limited Liability Companies**. If Area Developer is a corporation or limited liability company, Area Developer shall comply with the following requirements:

9.3.1 Area Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Centers.

9.3.2 Area Developer shall, upon request of Franchisor, promptly furnished to Franchisor copies of Area Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

9.3.3 Area Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Area Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 9.3.3 shall not apply to a publicly held corporation.

9.4 **Partnerships and Limited Liability Partnerships**. If Area Developer or any successor to or assignee of Area Developer is a partnership or limited liability partnership, Area Developer shall comply with the following requirements:

9.4.1 Area Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Centers.

9.4.2 Area Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

9.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

10. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of

delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party, and provided that Franchisor may provide Area Developer notice electronically to the email address included on the signature page of this Agreement, read receipt requested, unless and until a different email address has been designated by written notice to Franchisor. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

11. PERMITS AND COMPLIANCE WITH THE LAWS

11.1 **Compliance with Laws**. Area Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 **Notice of Actions**. Area Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Center established under this Agreement.

12. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

12.1 **No Fiduciary Relationship**. Area Developer is an independent contractor. Franchisor and Area Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship.

12.2 **Public Notice**. During the term of this Agreement, Area Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an area development agreement with Franchisor. Area Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Area Developer's offices, the content of which Franchisor reserves the right to specify.

12.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Area Developer in Area Developer's operations hereunder, or for any claim or judgment arising therefrom against Area Developer or Franchisor.

12.4 **Indemnification**. Area Developer shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Area Developer's operation of the business contemplated hereunder (notwithstanding any claims that the Indemnitees are or were negligent). Area Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Area Developer, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature

incurred by any Indemnitee shall be taken as prima facie evidence of Area Developer's obligation hereunder.

13. APPROVALS AND WAIVERS

13.1 **Approval Requests**. Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing. Franchisor shall respond to Area Developer's timely requests in a reasonably timely and prompt manner.

13.2 **Non-waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Area Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Area Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Area Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, covenants or conditions of this Agreement.

14. SEVERABILITY AND CONSTRUCTION

14.1 **Severable Parts**. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

14.2 **Terms Surviving this Agreement**. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination.

14.3 **No Rights on Third Parties**. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Area Developer, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor, any rights or remedies under or by reason of this Agreement.

14.4 **Full Scope of Terms**. Area Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

14.5 **Franchisor's Application of its Rights**. Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Area Developer a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in the best interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interest; (iii) Franchisor's decision or the action it take applies differently to Area Developer and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Area Developer's interests. In the absence of an applicable statute, Franchisor will have no liability to Area Developer for any such decision or action. Franchisor and Area Developer intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Area Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Area Developer's rights and obligations hereunder.

14.6 **Captions Only for Convenience**. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

15. ENTIRE AGREEMENT

Franchisor and Area Developer, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Area Developer which are uncertain, Franchisor and Area Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Area Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Area Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Area Developer or the relationship between them. Franchisor and Area Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Area Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Area Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 15 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the

Franchise Disclosure Document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable.

16. APPLICABLE LAW AND DISPUTE RESOLUTION

16.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Texas or of any other state to which it would not otherwise be subject.

16.2 **Non-Binding Mediation**. Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless Franchisor agrees otherwise in writing. Notwithstanding anything to the contrary, this Section 16.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Area Developer's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Franchisor and Area Developer shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service. This Section 16.2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

16.3 **Arbitration.** Franchisor and Area Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Area Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Area Developer (and/or Area Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Area Developer and Franchisor;

(2) Franchisor's relationship with Area Developer;

(3) the validity of this Agreement or any other agreement between Area Developer and Franchisor; or

(4) any System standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall have no authority

to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

16.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 16.9 below, award any punitive, exemplary or multiple damages against either party.

16.3.2 Franchisor and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Area Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Franchisor.

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

16.3.4 Despite Franchisor's and Area Developer's agreement to arbitrate, Franchisor and Area Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Area Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

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

16.4 **Consent to Jurisdiction**. Subject to the mediation and arbitration obligations in Sections 16.2 and 16.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Area Developer resides or the Development Area is located.

16.5 **No Rights Exclusive of Other Rights**. No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

16.6 **WAIVER OF JURY TRIAL**. FRANCHISOR AND AREA DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR

COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER.

16.7 **Limitation**. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Area Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

16.8 **Intentionally Omitted.**

16.9 **WAIVER OF PUNITIVE DAMAGES**. FRANCHISOR AND AREA DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

16.10 **Intentionally Omitted**.

16.11 **Injunctive Relief**. Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

16.12 **Counterparts; Paragraph Headings; Pronouns**. This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

16.13 **Attorneys' Fees**. In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Area Developer hereunder, or to defend against any claim, demand, action or proceeding by reason of Area Developer's failure to perform any obligation imposed upon Area Developer by this Agreement, Franchisor shall be entitled to recover from Area Developer the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

17. ACKNOWLEDGMENTS

17.1 **AREA DEVELOPER'S INVESTIGATION OF THE BUSINESS POSSIBILITIES**. AREA DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING AN IRON 24 CENTERS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF AREA DEVELOPER (OR, IF AREA DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND AREA DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. AREA DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND

TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. AREA DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT AREA DEVELOPER HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

17.2 **Receipt of FDD and Complete Agreement**. Area Developer acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Area Developer further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Area Developer for the rights granted under this Agreement. Area Developer further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Area Developer of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format. **Nothing in this Agreement, or in any related agreement, is intended to disclaim the representations made in the Franchise Disclosure Document.**

17.3 **Area Developer Read the Agreement and Consulted**. Area Developer acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement.

17.4 **No Conflicting Obligations**. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

17.5 **Patriot Act**. Area Developer represents and warrants that to its actual knowledge: (i) neither Area Developer, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Area Developer, nor any Area Developer affiliate or related party, or any funding source for any Franchised Center, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Area Developer nor any Area Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Area Developer nor any Area Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Area Developer nor any Area Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Area Developer nor any Area Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or

identified as a Blocked Person; and (vi) during the term of this Agreement, neither Area Developer nor any Area Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Area Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[SIGNATURE PAGE FOLLOWS]

IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Area Development Agreement in duplicate on the day and year first above written.

FRANCHISOR :
IRON 24 FRANCHISING, LLC

By:_____

Name:_____

Title:_____

Address for Notices:

Attn: Compliance Officer
Iron 24 Franchising, LLC
2880 Broadway Bend Drive, Building #1
Pearland, Texas 77584

AREA DEVELOPER:
_____

By:_____

Name:_____

Title:_____

Address for Notices:

_____
_____
_____
Email:
Telephone:_____
Fax:_____
Attn:_____

IRON 24 FRANCHISING, LLC AREA DEVELOPMENT AGREEMENT
EXHIBIT A
DATA SHEET

1. **Development Schedule** (see Section 1.1): Area Developer shall execute Franchise Agreements for the development and operation of _____ (___) Franchised Centers, within the Development Area in accordance with the following Development Schedule:

Center Number	Date by Which Franchise Agreement Must be Signed	Date by Which Franchised Center Must Be Open & Operating	Payment Made	Balance Due Per Franchised Center	Cumulative Number of Iron 24 Centers to be Open and Operating by Area Developer in the Development Area
1	Date of this Agreement.				1
2					2
3					3
4					4

For the purposes of determining compliance with this Development Schedule, only the Iron 24 Centers Area Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Iron 24 Centers required to be open and operated above.

The Expiration Date of this Agreement, as defined in Section 2, shall be the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Centers to be located in the Development Area as set forth in the Development Schedule above; or (ii) the final date set forth in the Development Schedule above.

2. **Development Area** (see Section 1.1): The Development Area shall be defined as the following:

_____
_____
_____

If the Development Area references one or more sites yet to be determined, then Franchisor reserves the right to develop and operate Iron 24 Centers in and around the above-described city, county, or area, and to sell franchises and grant territories to others – including through area development agreements – who will operate Iron 24 Centers in and around the above-described area. Area Developer may then be required to choose a final location for an Iron 24 Center outside of any protected territory given to any other franchisee or area developer, which final location may be outside of the area identified above.

3. **Area Development Fee** (see Section 4.1): In accordance with the total number of Franchised Centers to be developed and opened within the Development Area, the total Area Development Fee shall be $_____.

IRON 24 FRANCHISING, LLC	**AREA DEVELOPER**
Initial:_____ Date:_____	**Initial:_____ Date:_____**

IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT B
LIST OF PRINCIPALS & DESIGNATED PRINCIPAL

The following identifies all of Area Developer's Principals (as defined in Section 9.1 of the Area Development Agreement):

Name of Principal	Address, Telephone, E-mail	Interest (%) with Description
		Total %:

AREA DEVELOPER'S DESIGNATED PRINCIPAL

The following identifies Area Developer's Designated Principal (as defined in Section 5.2 of the Area Development Agreement):

Name of Designated Principal	Address, Telephone, E-mail	Interest (%) with Description

IRON 24 FRANCHISING, LLC

Initial:_____ Date:_____

AREA DEVELOPER

Initial:_____ Date:_____

IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Iron 24 Franchising, LLC ("**Franchisor**") to enter into the Area Development Agreement between Franchisor and _____ ("**Area Developer**"), dated _____, 20____ (the "**Agreement**"), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor's successors and assigns that all of Area Developer's covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this "**Guaranty**") is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Area Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Area Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Area Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; or (d) give notice of demand for payment by Area Developer. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 7 and 8. Signature by the undersigned on this Guaranty constitutes the undersigned's signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Area Developer by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the "Iron 24" marks or system licensed to Area Developer under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors, if any, will continue in full force and effect.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall

be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under Section 10 of the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of the State of Texas shall prevail (without regard to, and without giving effect to, the application of Texas conflict of law rules).

IN WITNESS WHEREOF, the undersigned has executed this Guaranty, Indemnification and Acknowledgement as of the date of the Agreement.

GUARANTOR(S):

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT D
AREA DEVELOPER CERTIFICATION

The undersigned, personally and as an officer(s), member(s) or partner(s) of Area Developer, as applicable, does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Area Development Agreement and the Iron 24 Franchising, LLC Franchise Agreement, and that the decision to execute the Area Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Area Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor or its affiliate operated Iron 24 Centers that are contrary to or different from the information contained in Franchisor's Franchise Disclosure Document. The undersigned further certifies that he/she understands the risks involved in this investment and Iron 24 Franchising, LLC makes no representation or guaranty, explicit or implied, that the Area Developer will be successful or will recoup his/her investment.

IN WITNESS WHEREOF, the undersigned have signed and delivered this Certificate this _____ day of _____, 20____.

_____
AREA DEVELOPER

By:_____
Name:_____
Title:_____

Each of the undersigned Principals own a beneficial interest in Area Developer and has read the Area Development Agreement, agree to be individually bound by all obligations of Area Developer hereunder and certify the foregoing:

By:_____ By:_____
Name:_____ Name:_____

By:_____ By:_____
Name:_____ Name:_____

By:_____ By:_____
Name:_____ Name:_____

IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT E
STATE ADDENDA

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) Area Developer is domiciled in Illinois.

2. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW**. Section 16.1 ("Governing Law") of the Area Development Agreement is deleted and replaced with the following:

> Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 16.14 of the Area Development Agreement:

> 16.14 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Maryland, and/or (b) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of any Franchise Agreement signed pursuant to the Area Development Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY**. The following sentence is added to the end of Section 6.1 of the Area Development Agreement:

> Section 6 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

> Area Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW**. The following sentence is added to the end of Section 16.1 ("Governing Law") of the Area Development Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 16.7 ("Limitation") of the Area Development Agreement:

> Area Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Area Developer the franchise.

7. ACKNOWLEDGMENTS. The following language is added as Section 17.6 of the Area Development Agreement:

17.6 ACKNOWLEDGEMENTS.

All representations requiring Area Developer 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.

8. **FINANCIAL ASSURANCE.** Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Area Development Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota.

2. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.4 of the Area Development Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR AREA DEVELOPER'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **RENEWAL TERM AND TERMINATION TERM**. The following is added to the end of Sections 2.2 and 16.3 of any Franchise Agreement signed pursuant to the Area Development Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 9.4.15 of any Franchise Agreement signed pursuant to the Area Development Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, cots or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **GOVERNING LAW**. The following statement is added at the end of Section 16.1 of the Area Development Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA

DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR AREA DEVELOPER'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.6 and 16.9 of the Area Development Agreement are deleted.

7. **LIMITATION OF CLAIMS**. The following is added to the end of Section 16.7 of the Area Development Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. **RELEASE OF CLAIMS.** The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of any Franchise Agreement signed pursuant to the Area Development Agreement:

> Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 - 80C.22.

9. **INJUNCTIVE RELIEF**. Section 16.11 of the Area Development Agreement is deleted and replaced with the following:

> Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Area Developer agrees that Franchisor may seek such injunctive relief. Area Developer agrees that its only remedy if an injunction is entered against Area Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Area Developer hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with this Addendum. This Addendum is being signed because (a) Area Developer is domiciled in the State of New York and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in New York.

2. **FRANCHISOR'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 7.1 of the Area Development Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of Sections 2.2.4, 8.26, and 15.3.3 of any Franchise Agreement signed under the Area Development Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY AREA DEVELOPER**. The following language is added as Section 6.8 of the Area Development Agreement:

> Area Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 16.11:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law, as

amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 16.1 ("Governing Law") of the Area Development Agreement:

a. This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is a resident of North Dakota and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of any Franchise Agreement signed under the Area Development Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 8.3 of the Area Development Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW**. Section 16.1 of the Area Development Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND AREA DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5. **FORUM FOR LITIGATION**. The following is added to the end of Section 16.4 of the Area Development Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE

NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO AREA DEVELOPER'S ARBITRATION OBLIGATIONS, AREA DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 16.6 and 16.9 of the Area Development Agreement are deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 16.7 of the Area Development Agreement is deleted.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20____ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Rhode Island and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **TERMINATION.** The following paragraph is added to the end of Section 6.4:

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 16.1 and 16.4 of the Area Development Agreement:

SECTION 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 WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE IRON 24 FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN WASHINGTON

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ ("**Area Developer**"), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____, 20____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Washington; and/or (b) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Area Development Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Area Development Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Area Development Agreement in Area Developer's relationship with the Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Area Development Agreement in Area Developer's relationship with the Franchisor, including the areas of termination and renewal of the franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, Area Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Area Developer may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party

seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting a Area Developer from (i) soliciting or hiring any employee of a franchisee of the Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.

3. **FINANCIAL ASSURANCE**. Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under this Area Development Agreement. You may contact the agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

AREA DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **IRON 24 FRANCHISING, LLC**, a Texas limited liability company (**"Franchisor**") with its principal business address at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.2 and 16.3:

> Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

IRON 24 FRANCHISING, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

EXHIBIT E
NON-USE AND NON-DISCLOSURE AGREEMENT

This Non-Use and Non-Disclosure Agreement (this "**Agreement**") is entered into by and among _____, whose address is _____, _____, _____ _____, (collectively, together with all affiliates, representatives and agents, referred to as "**Interested Party**") and Iron 24 Franchising, LLC, a Texas limited liability company, whose address is 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584 (the "**Company**").

WHEREAS, the Interested Party is interested in entering into a business relationship with the Company; and the Company is interested in entering into a business relationship with the Interested Party; and

WHEREAS, in connection with evaluating the viability of such a business relationship, the Company is furnishing and will furnish the Interested Party with information related to Company and/or its business, including without limitation, financial information, operating information, processes, procedures, corporate and business information, documentation and agreements, including without limitation a franchise disclosure document, that contain confidential and proprietary information (all of the forgoing together with all attachments, addenda, exhibits and other agreements described or referred to in any of the forgoing is herein referred to as the "**Information**").

For good and valuable consideration, including without limitation the Company's furnishing the Interested Party with the Information, the Interested Party has agreed and does hereby agree that:

1. Nondisclosure Obligations. Interested Party will keep the Information confidential, and Interested Party will not, without the Company's prior written consent disclose the Information, whether in whole or in part, directly or indirectly, except as expressly permitted hereunder. The Interested Party will not use the Information for any purpose other than evaluating the viability of entering into a business relationship with Company (the "**Purpose**"). Interested Party will not use all or any of the Information, or allow all or any of the Information to be used, for any reason other than the Purpose. The Interested Party (a) will not disclose the Information to any employee, agent, or representative of Interested Party unless such person needs access to the Information in order to facilitate the Purpose and executes a nondisclosure agreement with the Interested Party, with terms no less restrictive than those of this Agreement; and (b) will not disclose the Information to any other third party without the Company's prior written consent. The Interested Party is responsible for any breach of this Agreement by any party that receives any of the Information, either directly or indirectly, from the Interested Party. The Interested Party will promptly notify the Company of any misuse or misappropriation of the Information that comes to the Interested Party's attention.

2. Additional Nondisclosure Obligations. Without the Company's prior written consent, except where otherwise required by law (such requirements to be confirmed by a written legal opinion of the Interested Party's counsel), the Interested Party will not disclose to any person the fact that the Information has been made available, that discussions or negotiations are taking place or have taken place concerning a possible transaction involving the Interested Party and the Company, or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof. If Interested Party is required by law to disclose all or any of the Information and such requirements are confirmed by a written legal opinion of the Interested Party's counsel, Interested Party shall reasonably cooperate with Company in any effort to seek a protective order or otherwise contest such required disclosure, at Company's expense. The Interested Party shall give Company prompt notice of any such legal or governmental demand for the Information.

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3. Injunction. The Interested Party agrees that breach of this Agreement would cause the Company irreparable injury, for which monetary damages would not provide adequate compensation, and for which other remedies at law may be inadequate to protect the Company against a breach of this Agreement, and that in addition to any other remedy, the Company will be entitled to injunctive relief against such breach or threatened breach, without proving actual damage or posting a bond or other security, which requirements are hereby expressly waived by the Interested Party.

4. Retention of Rights. This Agreement does not transfer ownership of the Information or grant a license thereto. Company will retain all right, title, and interest in and to all Information.

5. No Waiver. Neither party will be deemed to have waived any of its rights under this Agreement by lapse of time, or by any statement or representation other than a written waiver executed by the party seeking to waive its rights hereunder.

6. Authority. The undersigned parties each represent and warrant that such party has the power and authority to execute this agreement on behalf of the Interested Party or the Company, as is applicable. The Interested Party represents and warrants that he or she has all necessary authorizations, consents and agreements to bind the Interested Party to the terms and conditions contained herein.

7. Jurisdiction; Applicable Law. You agree that any lawsuit brought the Company to enforce its rights under this Agreement shall be brought in the courts of the County where the Company has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed. This Agreement shall be governed by the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules.

8. Severability. To the extent permitted by applicable law, the parties hereby waive any provision of law that would render any clause of this Agreement invalid or otherwise unenforceable in any respect. In the event that a provision of this Agreement is held to be invalid or otherwise unenforceable, such provision will be interpreted to fulfill its intended purpose to the maximum extent permitted by applicable law, and the remaining provisions of this Agreement will continue in full force and effect.

9. Survival. The provisions of this Agreement will survive any termination or expiration of the relationship of the parties hereto.

10. Counterparts. This Agreement may be executed and delivered (including by facsimile or Portable Document Format (pdf) transmission) in any number of counterparts with the same effect as if all signatories had signed the same document. Facsimile and other electronic copies of manually signed originals shall have the same effect as manually-signed originals and shall be binding on the undersigned parties. Each counterpart shall be deemed an original, but all counterparts must be construed together to constitute one and the same instrument.

WITNESS the execution thereof, this _____ day of _____, 20___.

COMPANY: IRON 24 FRANCHISING, LLC	INTERESTED PARTY:
By:_____	Signature:_____
Name:_____	Printed Name:_____
Title:_____	

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EXHIBIT F
LIST OF FRANCHISEES AND AREA DEVELOPERS

(as of December 31, 2021)

None.

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EXHIBIT G

LIST OF FRANCHISEES AND AREA DEVELOPERS WHO HAVE LEFT THE SYSTEM

None.

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EXHIBIT H
FINANCIAL STATEMENTS

© 2022 Iron 24 Franchising, LLC

SST
ACCOUNTANTS & CONSULTANTS

Consent of Independent Auditor

To Whom it May Concern:

Salmon Sims Thomas & Associates, PLLC consents to the use in the Franchise Disclosure Document issued by Iron 24 Franchising, LLC ("Franchisor") on April 6, 2022, as it may be amended, of our report dated January 24, 2022, relating to the financial statements of the Franchisor for the period August 19, 2021 (Inception) to January 10, 2022.

Sincerely

Eileen Keller

Eileen Keller, Partner
Dallas, Texas
Firm #C06455

IRON 24 FRANCHISING, LLC

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JANUARY 10, 2022

Iron 24 Franchising, LLC
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January 10, 2022

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SST
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Member
of Iron 24 Franchising, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Iron 24 Franchising, LLC, which comprise of the balance sheet as of January 10, 2022, and the related statements of income, changes in member's equity, and cash flows for the period August 19, 2021 (Inception) to January 10, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Iron 24 Franchising, LLC as of January 10, 2022, and the results of its operations and their cash flows for the period August 19, 2021 (Inception) to January 10, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Iron 24 Franchising, LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Iron 24 Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iron 24 Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Iron 24 Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Salmon Sims Thomas

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

January 24, 2022

Iron 24 Franchising, LLC
Balance Sheet
January 10, 2022

ASSETS		
Cash	$	200,340
TOTAL ASSETS	$	200,340
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Credit card payable	$	27
Noncurrent Liabilities		
Accounts payable, related party		795
Total Liabilities		822
Member's Equity		199,518
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	200,340

The accompanying notes are an integral part of this financial statement.

Iron 24 Franchising, LLC
Statement of Income
For the Period August 19, 2021 (Inception) to January 10, 2022

Revenue	$	-
Operating Expenses		
General and administrative		482
Net Loss	$	(482)

The accompanying notes are an integral part of this financial statement.

Iron 24 Franchising, LLC
Statement of Changes in Member's Equity
For the Period August 19, 2021 (Inception) to January 10, 2022

Balance, August 19, 2021	$ -
Net loss	(482)
Member contributions	200,000
Balance, January 10, 2022	$ 199,518

The accompanying notes are an integral part of this financial statement.

Iron 24 Franchising, LLC
Statement of Cash Flows
For the Period August 19, 2021 (Inception) to January 10, 2022

Cash Flows from Operating Activities		
Net Loss	$	(482)
Adjustments to reconcile net loss to net cash used by operating activities:		
Changes in operating assets and liabilities:		
Credit card payable		27
Net Cash Used by Operating Activities		(455)
Cash Flows from Investing Activities		
Advances from related party		795
Cash Flows from Financing Activities		
Member contributions		200,000
Net Increase in Cash		200,340
Cash, beginning of period		-
Cash, end of period	$	200,340

The accompanying notes are an integral part of this financial statement.

Note 1: Summary of Significant Accounting Policies

The summary of significant accounting policies of Iron 24 Franchising, LLC (Company) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Company is a registered limited liability company (LLC) organized under the laws of the state of Texas. The Company was organized on August 19, 2021, in Pearland, Texas. The Company is a fitness franchise model that utilizes its technological solutions for entrepreneurs that want to own their own business as well as current fitness center owners.

Cash and Cash Equivalents

The Company defines cash equivalents as highly liquid investments having an original maturity of ninety days or less. The Company places cash, which, at times, may exceed federally insured limits, with high-credit quality financial institutions. The Company has not experienced any losses on such assets. There were no cash equivalents at January 10, 2022.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Income Taxes

The Company, as an LLC, is not a tax-paying entity for purposes of federal income taxes. Accordingly, for income tax purposes, the member of the LLC is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

State Income Tax

The State of Texas charges a "margin" tax on all entities. This margin tax is, in substance, a state income tax. The Company did not have income for the period August 19, 2021 to January 10, 2022, and therefore no provision or liability for state income tax has been included in the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of income or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The new standard is effective for private entities for annual periods beginning after December 15, 2021.

The Company is in the process of evaluating the potential impact of ASU 2016-02, *Leases*, on its financial statements but expects that it will not result in a significant increase in long-term assets and liabilities given the Company does not currently have any leases. The Company will be adopting this update in 2022.

Revenue Recognition

Revenues are recognized when performance obligations are satisfied, or control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company applies the five-step revenue model under FASB ASC Topic 606 to determine when revenue is earned and recognized. The Company reviews contracts at inception to determine if they represent a single performance obligation or multiple performance obligations.

Note 1: Summary of Significant Accounting Policies (Continued)
Revenue Recognition (Continued)
The Company's franchise related revenue typically contains five expected performance obligations: execution of the franchise agreement, onboarding, pre-opening new franchisee training, franchisee training, and opening. When a contract has multiple performance obligations, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the goods or services at the inception of the contract. A portion of the transaction price is allocated to use of license, software and training updates and is amortized on the straight-line basis over the term of the franchise agreement, of ten (10) years. The initial franchise fees are payable based on contract terms prior to the franchise opening.

Renewal franchise fees are recognized upon renewal due to immateriality. When a franchised division is transferred to a third party, the terms of the agreement are analyzed to determine if the transaction should be recognized as a termination or a continuation of the original franchise agreement. If deemed a termination, any remaining deferred revenue from the original agreement, as well as payments received from the transferor, are recognized over the new franchise agreement term. If deemed a continuation, all fees, including the remaining original unrecognized fees are deferred over the term of the new agreement.

Date of Management's Review
The Company has evaluated subsequent events for potential recognition and disclosure through January 24, 2022, which is the date the financial statements were available to be issued.

Note 2: Related Party Transactions
For the period August 19, 2019 through January 10, 2022, a related party under a common control paid operating expenses of the Company. The Company had a balance due to the related party of $795 at January 10, 2022. Management expects the payable to be forgiven within the next operating cycle.

Iron 24 Franchising LLC
Balance Sheet
As of February 28, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
I24F Checking (1366)	193,059.26
Total Bank Accounts	**$ 193,059.26**
Total Current Assets	**$ 193,059.26**
TOTAL ASSETS	**$ 193,059.26**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	0.00
Total Accounts Payable	**$ 0.00**
Credit Cards	
Amex_11002	26.65
Total Credit Cards	**$ 26.65**
Total Current Liabilities	**$ 26.65**
Long-Term Liabilities	
FranchiCzar Holdings N/P	795.00
Total Long-Term Liabilities	**$ 795.00**
Total Liabilities	**$ 821.65**
Equity	
FranchiCzar Holdings LLC	200,000.00
Retained Earnings	-455.29
Net Income	-7,307.10
Total Equity	**$ 192,237.61**
TOTAL LIABILITIES AND EQUITY	**$ 193,059.26**

Iron 24 Franchising LLC
Profit and Loss
August 2021 - February 2022

	Total	
Income		
Total Income		
Gross Profit	**$**	**0.00**
Expenses		
General business expenses		
Bank fees & service charges		624.67
Office supplies		84.42
Total General business expenses	**$**	**709.09**
Legal & accounting services		
Accounting fees		7,000.00
Total Legal & accounting services	**$**	**7,000.00**
Technology Licenses		
Administrative		53.30
Total Technology Licenses	**$**	**53.30**
Total Expenses	**$**	**7,762.39**
Net Operating Income	**-$**	**7,762.39**
Net Income	**-$**	**7,762.39**

EXHIBIT I

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Office 365
Payment Processor

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EXHIBIT J
GENERAL RELEASE

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GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is executed on _____ by _____ ("**Releasor**"), _____ ("**Guarantors**"), _____ ("**Transferee**") as a condition of [CHECK ONE]:

_____ **(a)** the transfer of the Franchise Agreement dated _____ between Iron 24 Franchising, LLC ("**Iron 24**") and Releasor ("**Franchise Agreement**");

_____ **(b)** the transfer of the Area Development Agreement dated _____ between Iron 24 Franchising, LLC ("**Iron 24**") and Releasor ("**Development Agreement**"); or

_____ **(c)** the execution of a renewal Franchise Agreement between Releasor and Iron 24. (If this Release is executed under the conditions set forth in (c), all references in this Release to "Transferee" should be ignored.)

1. **Release by Releasor, Transferee, and Guarantors**. Releasor and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "**Releasing Parties**") freely and without any influence forever release (i) Iron 24, (ii) Iron 24's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) Iron 24's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the "**Released Parties**"), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**Claims**"), which any Releasing Party ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchised Center(s), the Franchise Agreement or the Development Agreement (as applicable), and all other agreements between any Releasing Party and Iron 24 or Iron 24's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts**. Releasor, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Releasor, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue**. Releasor, Transferee, and Guarantors (on behalf of the Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency**. Releasor, Transferee, and Guarantors represent and warrant that: (i) the Releasing Parties are the sole owners of all Claims and rights released in Section 1 and that the Releasing Parties have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasing Party has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of

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any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense**. Releasor, Transferee, and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns**. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasing Party.

7. **Counterparts.** This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument. This Release may be executed via a commercially recognized electronic signature platform.

8. **Capitalized Terms**. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement or Development Agreement (as applicable).

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Releasor, Transferee, and Guarantors have executed this Release as of the date shown above.

RELEASOR:

By: _____

Print Name: _____

Title: _____

Date: _____

TRANSFEREE (IF APPLICABLE):

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

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EXHIBIT K
FRANCHICZAR AGREEMENT

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FRANCHISEE MASTER SERVICES AGREEMENT

This Master Services Agreement (this "**Agreement**") is made and entered into as of_____(the "**Effective Date**"), between **FranchiCzar, LLC, a Texas Limited Liability Company** ("**FranchiCzar**") with a principal place of business at _____Pearland, Texas 77584 and _____ _____ (the "**FRANCHISEE**"), which operates a franchise (a "**Franchise**") known as _____("**Franchised Location**") pursuant to a franchise agreement ("**Franchise Agreement**") with _____ (the "**Franchisor**").

1. SCOPE OF SERVICES; SET-UP.

a. FRANCHISEE operates a Franchise at the Franchised Location pursuant to the Franchise Agreement. During the term of the Franchise Agreement, FranchiCzar agrees to provide FRANCHISEE with access to the FranchiCzar application and operating system ("**Software**") and will provide customer payment processing services to FRANCHISEE for the Franchised Location as reasonably required and as customary for service providers of a similar size and situation to FRANCHISEE (the "**Services**") as outlined in Exhibit A attached hereto. Such Services shallbe provided in accordance with the provisions of this Agreement only for the Franchised Location. No other locations/territories are included in this Agreement.

b. FranchiCzar hereby grants FRANCHISEE with a non-exclusive, non-transferable license to have access to and use the Software and Services solely in connection with, and within the scope and purpose of, its business relationship with Franchisor at the Franchised Location, pursuant to the terms of this Agreement. FRANCHISEE is prohibited from transferring or sub-licensing this license to any third party and shall not access or use the Software for or on behalf of any third party.

c. FranchiCzar agrees as part of the Services, to bill and account for all customer payments at the Franchised Location, upon receipt of acceptable customer and account information for each customer. FRANCHISEE hereby allows FranchiCzar: (i) to receive sales data from FRANCHISEE and tender it to a bank and/or a credit card processor for processing, and remit the net receipts from such amounts on such schedules as FranchiCzar may establish, subject to the terms of the Franchise Agreement; and (ii) in connection with providing the Services under this Agreement, to take any reasonable actions that are reasonably necessary and customarily taken or commercially appropriate. FRANCHISEE is responsible for maintaining all appropriate authorizations and agreements with its customers.

d. FranchiCzar owns and reserves all right, title, and interest in and to the Software and the Services. This Agreement does not grant FRANCHISEE any rights in or to the Software or Services except for the limited rights to use the Software and the Services expressly granted by this Agreement. FranchiCzar reserves the right to change theSoftware or the specifications of the Services at any time, including changing or removing features and/or functionality, and may suspend the Software and Services for repair, maintenance or improvement, with or without notice, to FRANCHISEE.

2. FRANCHISEE OBLIGATIONS.

a. FRANCHISEE may not, and may not permit any third party, to use the Software or Services in any manner or for any purpose other than as expressly permitted by this Agreement.

b. FRANCHISEE may not, or may not attempt to, and may not permit any third party to: (a) modify, alter, tamper with, copy, translate, or otherwise create derivative works of the Software or Services, (b) reverse engineer, disassemble, or decompile the Software or Services or otherwise attempt to derive the source code of any software included in the Software or Services; (c) resell or sublicense the Software or Services; (d) use the Software or Services to develop any software or other technology having the same primary function as the Software or Services; (e) use the Software or Services in a manner that interferes with other users' use of the Software or Services; or (f) use the Software or Services in any manner that violates FranchiCzar's written policies, as provided to FRANCHISEE in advance.

c. FRANCHISEE's use of the Software and Services is subject to the privacy policies and terms of use adopted by FranchiCzar from time to time, and any other written policy or terms for access to and use of the Software or Services, all of which shall be provided to FRANCHISEE in advance. FRANCHISEE will comply with all applicable laws, rules, and regulations in connection with the use of the Software and Services.

d. FRANCHISEE IS RESPONSIBLE FOR ALL OF ITS USE AND ACTIVITIES ASSOCIATED WITH OR ARISING FROM ANY USE OF THE SOFTWARE OR THE SERVICES. FRANCHICZAR AND ITS AFFILIATES ARE NOT RESPONSIBLE FOR UNAUTHORIZED ACCESS TO FRANCHISEE'S ACCOUNT UNLESS DUE TO FRANCHICZAR'S GROSS NEGLIGENCE OR WILFULL MISCONDUCT. FRANCHISEE will contact FranchiCzar immediately if it believes an unauthorized third party may be using its account or if its account information is lost or stolen. FRANCHISEE will be deemed to have taken any action that occurs under its account.

3. CUSTOMER DATA AND CONFIDENTIALITY.

a. FranchiCzar will follow its standard back-up and archiving procedures for any Customer Data (defined below). In the event of any loss or damage to Customer Data, FRANCHISEE's sole and exclusive remedy shall be for FranchiCzar to use reasonable commercial efforts to restore the lost or damaged Customer Data from the latest back-up of such Customer Data maintained by FranchiCzar in accordance with its standard archiving procedure. FranchiCzar shall not be responsible for any loss, destruction, alteration or disclosure of Customer Data caused by any third party.

b. The parties acknowledge that as the owner of the **Franchisor** franchise system, **Franchisor** is the owner of all data regarding the customers of the Franchised Location (the "**Customer Data**"). The Services and all of the data and information in the Software and in connection with the Services is the confidential and proprietary informationof FranchiCzar and **Franchisor**, as applicable (the "**Information**"). FRANCHISEE may use the Information and Customer Data only in connection with the use of the Software or Services as permitted under this Agreement. FRANCHISEE will not disclose any Information during or after the term of this Agreement. FRANCHISEE will take all reasonable measures necessary to avoid disclosure, dissemination or unauthorized use of Information and Customer Data. When this Agreement

terminates, FRANCHISEE can no longer use the Information or Customer Data.

c. FRANCHISEE is a franchisee of the Franchisor and has certain obligations pursuant to the Franchise Agreement. FRANCHISEE understands and agrees that FranchiCzar may share information with the Franchisor regarding the Franchised Location and receive instructions from the Franchisor to assist FRANCHISEE in complying with the Franchise Agreement, including without limitation, instructions for FranchiCzar to withhold Information from FRANCHISEE and provide it to Franchisor. FRANCHISEE also authorizes FranchiCzar to refund any amounts owed by FRANCHISEE to its customers under the terms of the Franchise Agreement, and to deduct such refunds from remittances owing to FRANCHISEE.

4. FRANCHICZAR CHARGES.

a. FRANCHISEE shall pay FranchiCzar a fee for Services, in an amount equal to the rates as stated in Exhibit B. This fee may be increased by FranchiCzar upon notice to Franchisee; however, any increase in fee will not occur more frequently than every 2 years and be in agreement with FRANCHISORS permission. FranchiCzar reserves the right to increase the fee or assess other fees for additional Services that it may offerto FRANCHISEE in the future. The term "Pass-Thru-Fees" in Exhibit B shall be the cost of processing credit card, debitcard, and bank payments for the particular Franchised Location of FRANCHISEE; provided that FranchiCzar may either pay these fees on behalf of all FRANCHISEES in the Franchisor's system and charge to FRANCHISEE the amount of such fees prorated to the Franchised Location in order to reimburse this cost (plus any charges actually incurred by the Franchised Location), or may spread the total amount of all Pass-Thru-Fees allocated to the FRANCHISEE based on the amounts processed by or from the Franchised Location. FRANCHISEE agrees to pay all such applicable Pass-Thru-Fees as may be incurred. All fees will be deducted from the amount collected on behalf of the FRANCHISEE. FranchiCzar will not be responsible for any delay in remittance for any reason.

b. If, in the commercially reasonable discretion of FranchiCzar, a past due account becomes uncollectible, FRANCHISEE will be responsible for further collection of said account and FranchiCzar shall be released from any further responsibility with respect to such account.

c. Notwithstanding the foregoing, if any sum payable under this Agreement is not paid within five (5) days after the due date then (without prejudice to its other rights and remedies), FranchiCzarreserves the right to charge interest on such sum on a day-to-day basis at the maximum amountallowed by law. Such interest shall be paid on demand.

d. FRANCHISEE will pay any and all federal, state or local excise, sales or use taxes or similar taxes imposed with respect to all customer payments and fees payable hereunder, or the Services involved hereunder ("**Taxes**"), and complete and file all required tax reports thereto, all in a timely manner, and hereby agrees to indemnify and hold FranchiCzar, its officers, directors, shareholders, and employees harmless from any loss, including attorneys' fees, resulting from its failure to do so. If FranchiCzar is required to withhold or pay any of the foregoing said Taxes, or if FRANCHISEE ever becomes liable to FranchiCzar for any sums or losses, the amount so paid by FranchiCzar for said Taxes and any sums expended or losses incurred by FranchiCzar

for which FRANCHISEE is responsible, will be deducted from all money collected, held or controlled by FranchiCzar under any existing agreements between FRANCHISEE and FranchiCzar, including but not limited to, this Agreement. In the event the amounts are not satisfied, any remaining amounts owed will be due and payable to FranchiCzar by FRANCHISEE within twenty-four (24) hours upon written notification and request for payment by FranchiCzar.

5. TERM AND TERMINATION.

a. This Agreement shall commence upon the Effective Date and shall expire upon the expiration or termination of the Franchise Agreement, unless earlier terminated pursuant to the terms of this Agreement.

b. In addition, FranchiCzar may also terminate this Agreement immediately, without notice or liability, if it determines in its sole discretion that: (i) FRANCHISEE has breached any portion of this Agreement or any other agreement it may have with the Franchisor, and any relevant cure period has expired; (ii) FRANCHISEE's use of or access to the Software or Services inhibits any other user from using or accessing the Software or Services; or (iii) any part or all of the Software or Services will no longer be offered. FranchiCzar may also terminate this Agreement at any time and for any reason by providing FRANCHISEE written notice via email.

c. FranchiCzar may suspend FRANCHISEE's right to access or use any portion or all of the Software or Services immediately upon notice to FRANCHISEE if it reasonably determines: (a) FRANCHISEE'S use of the Software or Services may subject FranchiCzar, its affiliates, or any third party to liability or may adversely impact the Software or Services; or (b) FRANCHISEE is in breach of this Agreement, the Franchise Agreement or any other agreement it may have with Franchisor. FranchiCzar's right to suspend FRANCHISEE's right to access or use the Software or Services is in addition to its right to terminate this Agreement as outlined herein.

d. In the event of termination of this Agreement, FranchiCzar will hold all money in escrow for a period of no more than sixty (60) days following such termination. This holding period ensures all customer refunds and returns will be paid and FRANCHISEE hereby authorizes FranchiCzar to make all bona fide customer refunds as may be applicable.

6. WARRANTY.

FranchiCzar warrants that (i) it has full power and authority to grant to FRANCHISEE the license to access and use the Software and Services as are granted pursuant to this Agreement and as are required for FRANCHISEE to receive and use the Services as contemplated by this Agreement; and (ii) it shall perform the Services and its other responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of any third party proprietary rights.

7. WARRANTY DISCLAIMERS; LIMITATION OF LIABILITY.

a. EXCEPT AS STATED IN SECTION 6 ABOVE, THE SOFTWARE AND SERVICES ARE PROVIDED "AS IS." FRANCHICZAR, ITSAFFILIATES, SUPPLIERS AND LICENSORS MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER, IMPLIED, STATUTORY OR OTHERWISE REGARDING THE SERVICES, INCLUDING

WITHOUT LIMITATION NO REPRESENTATIONS OR WARRANTIES THAT THE SOFTWARE OR SERVICES ARE SECURE, MEET FRANCHISEE'S REQUIREMENTS, OR ARE FREE FROM ERRORS, VIRUSES, OR OTHER HARMFUL COMPONENTS. EXCEPT TO THE EXTENT PROHIBITED BY LAW, FRANCHICZAR, ITS AFFILIATES, SUPPLIERS AND LICENSORS DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE.

b. IN NO EVENT SHALL FRANCHICZAR, ITS AFFILIATES, SUPPLIERS OR LICENSORS BE LIABLE FOR ANY DIRECT, INDIRECT, PUNITIVE, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SOFTWARE, SERVICES OR THIS AGREEEMENT, WHETHER BASED ON CONTRACT, TORT, WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF ANY SUCH DAMAGES.

c. **UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE AGRREGATE LIABILITY OF FRANCHICZAR, INCLUDING ITS AFFILIATES, SUPPLIERS OR LICENSORS, RESULTING FROM OR RELATING TO THIS AGREEMENT, OR THE USE OF THE SOFTWARE OR SERVICES, EXCEED THE FEES PAYABLE TO FRANCHICZAR HEREUNDER IN THE YEAR PRECEDING THE EVENT CAUSING ANY SUCH LIABILITY.**

8. INDEMNIFICATION.

a. FRANCHISEE will defend, indemnify, and hold harmless FranchiCzar, its affiliates, suppliers and licensors, and each of their respective employees, officers, directors, and representatives from and against any claims, demands, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to any third party claim concerning: (a) the use of the Software and Services (including any activities under its account); or (b) the other party's breach of this Agreement or violation of applicable law. FranchiCzar will promptly notify FRANCHISEE of any claim subject to this paragraph, but such failure to promptly notify FRANCHISEE will only affect the indemnifying party's obligations under this paragraph to the extent that such failure prejudices the FRANCHISEE's ability to defend the claim. FRANCHISEE may: (a) use counsel of its own choosing to defend against any claim (subject to FranchiCzar's written consent); and (b) settle the claim with FranchiCzar's prior written consent before entering into any settlement. However, FranchiCzar may assume control of the defense and settlement of the claim at any time upon written notice to FRANCHISEE.

b. FranchiCzar indemnifies, defends, and holds FRANCHISEE harmless from and against any claims,actions, or demands alleging that the Software infringes on any patent, copyright, or other intellectual property right of a third party, whether registered or otherwise, unless such claim is related to or resulting from the gross negligence or willful misconduct of FRANCHISEE, or FRANCHISEE'S misuse of the Software in violation of this Agreement or the written policies of FranchiCzar.

c. The indemnity obligations of the parties set forth in this Section 8 shall survive the expiration or earlier termination of the Agreement.

9. INDEPENDENT CONTRACTOR.

FranchiCzar, and any FranchiCzar employees, agents, contractors, and subcontractors, in performance of this Agreement, are acting as independent contractors that are not employed by or under the control or supervision of FRANCHISEE. This Agreement shall not be construed as creating a partnership between the parties or any other form of legal association that would impose liability upon one party for the acts or failure to act of the other party.

10. MISCELLANEOUS.

FranchiCzar and FRANCHISEE agree that:

(a) this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs, and permitted assigns; (b) FranchiCzar may assign either this Agreement, or any of its rights, interests, or obligations hereunder or thereunder, and FRANCHISEE will not assign this Agreement, or delegate or sublicense any of its rights under this Agreement, without FranchiCzar's prior written consent (and any such assignment or transfer in violation of this provision will be void); (c) this Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Texas, and for the purpose of resolving conflicts related to or arising out of this Agreement, the parties expressly agree and consent to the exclusive jurisdiction of, and venue in, the federal andstate courts in the Brazoria County, State of Texas; (d) that each individual signing below has the authority to enter into this Agreement; (e) that neither party shall have any authority to act on behalf of the other party, unlessspecifically authorized by such other party in writing; (f) the failure of either party to exercise any rights or insist in any instance upon strict performance by the other party of any provision in this Agreement shall not be deemed a waiver of any rights or a bar to the later exercise thereof under this Agreement; (g) if any provision, or portion of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions hereof or thereof shall not be affected; (h) each party herby knowingly and voluntarily waives its respective rights to trial by jury as to any claim, counterclaim, proceeding, cause of action or dispute arising out of or related to this Agreement; (i) in anyaction brought in law or in equity based on this Agreement, the prevailing party shall have its reasonable costs and attorney's fees paid by the non-prevailing party; (j) this Agreement and any addendums executed by the parties, constitutes the full

understanding between FRANCHISEE and FranchiCzar with respect to the Software and the Services and supersedes all prior or contemporaneous agreements, whether oral or written, regarding the subject matter of this Agreement; and (k) the provisions of this Agreement, which, by their terms, require performanceafter the termination of this Agreement, or have application to events that may occur after the termination of this Agreement, shall survive the termination of this Agreement.

11. FORCE MAJEURE.

Neither FRANCHISEE nor FranchiCzar shall be liable for its failure to perform hereunder due to contingencies beyond its reasonable control, including but not limited to wars, acts of God, flood, windstorm, explosion, riots, sabotage, terrorism and fire (each a "**Force Majeure Event**"), provided that prompt notice of such delay is given to the other party and there is no "work around" or alternative plan such that the adverse impact of such Force Majeure Event can reasonably be avoided.

12. NOTICES.

Any notice or request that is required or permitted under this Agreement shall be in writing and shall be deemed to have been given to FRANCHISEE if addressed to the Franchised Location, andif to FranchiCzar at 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, Attention: David Graham, and (a) if mailed by United States Registered or Certified Mail (postage prepaid, return receipt requested), upon receipt or refusal of receipt; or (b) if by a nationally recognized overnight delivery service, on the next business day after delivery. The parties shall endeavor to provide each other with simultaneous electronic ".pdf" copies of any notice sent hereunder via electronic mail.

13. SERVICE BUNDLES.

In FranchiCzar's sole discretion, it may offer to FRANCHISEE applicable service bundles described in the attached Exhibit B (the "Service Bundles"). FRANCHISEE may elect the Service Bundles only with the written consent of FranchiCzar. If applicable, in the event that FRANCHISEE is offered and makes this election after the Effective Date of this Agreement, then the Parties agree to execute an addendum, in a form substantially similar to Exhibit B, identifying FRANCHISEE'S selection.

A. Any changes initiated by the FRANCHISEE must be in writing delivered under the Noticeprovisions of this Agreement in Section 12.

b. FRANCHISEE's Service Bundle selection runs through the life of the Franchise Agreement.

c. FRANCHISEE will be allowed to select (and move freely) between the Service

Bundles and FranchiCzar will honor those changes within thirty (30) days of receipt of written notice from FRANCHISEE to FranchiCzar under the Notice Provisions of this Agreement in Section 12.

d. Ninety (90) Days written notice will be required to FranchiCzar if the FRANCHISEE elects to revert back from any Service Bundle to the FRANCHISEE'S previous fee structure; On the 91st day after written notice is received by FranchiCzar, the FRANCHISEE will revert back to the previous fee structure identified in Exhibit B of this Agreement.

14. AMENDS AND SUPERCEDES.

This Agreement amends and supersedes all previous agreements between the Parties and any and all previous agreements between the Parties are hereby terminated and considered null and void. The most recently executed addendum amends and supersedes any previously executed addendum between the Parties.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, have executed this Agreement as of the date first above written.

FRANCHISEE

_____

Name:_____

Title:_____

Dated:_____

_____

Name:_____

Title:_____

Dated:_____

_____

Name:_____

Title:_____

Dated:_____

FRANCICZAR LLC

_____

Name: Shauna Garner

Title: President

Dated:_____

Exhibit A
Services

- Integration with Rylos
- Integration with Office 365
- Fundio, payment processing engine
- Automated payouts
- Reporting engine
- Integration with lead pages
- Integration with the public facing website for lead collection
- Point of Sale System
- Dynamic reporting engine
- Ticketing management
- Regular updates
- Access to new features, as approved by the franchisor
- Digital Signatures (when/where available)
- Customer file management
- Customer Relationship Management
- Custom lists
- Custom fields

Services reflected are current as of February, 2022 but are subject to change.

Exhibit B
SERVICE BUNDLES

FRANCHISEE will operate their business with FranchiCzar under the following fee structure as specified by their respective FRANCHISOR. **(Please choose one of the options below by placing an "X" next to your selection)**

____ You will be using the full FranchiCzar Operation System (FCOS) services, inclusive of the point-of-sale system and (Fundio) pass-through-fees. We will provide for collection of all your customer payments through our online payment processing website portal. You must pay the then-current processing cost charged by our affiliate Fundio for the provision of credit card processing and ACH transfer services, which is currently **2.9%** of the amount processed plus **$0.30 per transaction** for credit cards; and the current fee for ACH transfers is **2.0%** of the amount processed. The fees for FCOS are included within this fee.

____ You will be using the full FranchiCzar Operating System (FCOS) services, except for the point-of-sale processing and (Fundio) pass-though-fees. You and your FRANCHISOR will be required to report weekly sales volumes for your location and will be charged an amount equal to **2.25%** of all payments received by Franchisee at the Franchised Location.

____ You will be using only limited functions of the FranchiCzar Operating System (FCOS). These will be at the direction of your FRANCHISOR. You will be required to pay a rate of:_____
_____
_____.

EXHIBIT L
FINANCING DOCUMENTS

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EXHIBIT L-1
GUIDANT FINANCIAL DOCUMENTS

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Guidant FINANCIAL

ROBS Agreement

Investing your retirement savings into a small business can be a prudent strategy for achieving your retirement goals. Guidant Financial is dedicated to ensuring that Guidant's Rollovers For Business Start-ups ("ROBS") meets all applicable regulations for a Rollover for Business Start-ups plan. Please review each statement and verify your understanding of the specific actions you must take when utilizing a Rollover for Business Start-ups plan such as Guidant's ROBS.

FIDUCIARY OBLIGATIONS:

To benefit from the tax-deferred advantages of a qualified retirement account, regulations require that you choose investments that are in the best interest of your retirement account.

I verify that I have performed due diligence and believe that my decision to invest my personal retirement funds into the corporation is a good investment in the best interest of my 401(k).

I verify my understanding that I could lose up to 100% of my investment if the business fails.

I have done my own due diligence and have determined that the use of my retirement monies as funding source for ROBS and related business transaction is a prudent use of my retirement monies and is a good investment for the 401(k) Plan.

I understand that Guidant is not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with this transaction.

401(k) PLAN RESPONSIBILITIES:

As the trustee of a 401(k) plan, you have a duty to manage the plan so that it benefits *all* employees not just the owners and officers of the Corporation.

I verify that I will use this 401(k) as a long-term savings vehicle for *all* employees of the business and agree that I will encourage all eligible employees to participate.

I verify my understanding that when company stock is offered for purchase within the 401(k) plan, the offering ***must*** be available for *all* eligible employees.

PERSONAL SALARY/COMPENSATION CONSIDERATIONS:

To avoid any appearance of a conflict-of-interest with your 401(k) investment, you must defer paying yourself compensation until the company becomes an active business.

I verify that I will not draw compensation from the company before being opened for business; the company must be actively engaged in the buying or selling of goods and/or services.

I verify my understanding that my compensation should come from revenue generated from the business and not from the proceeds of the sale of employer stock to the 401(k).

I verify my understanding that taking compensation above what is fair and reasonable for the position and industry can create a prohibited transaction.

CORPORATION & 401(k) FORMATION

Guidant will assist you in establishing your new corporation and a new 401(k) Plan. We will also obtain a Federal Tax ID Number (EIN) from the IRS. The EIN is the unique number the IRS assigns to your business and 401(K) plan and is typically required open a bank account.

Please indicate your consent in allowing us to file the EIN application for your corporation with the IRS on your behalf.

Please indicate your consent in allowing us to file the EIN application for your 401(k) plan with the IRS on your behalf.

TERMS OF AGREEMENT:

I acknowledge that I have read, understand, and agree to be bound by the terms of this Agreement as detailed in the linked Terms of Agreement[1] **These Terms of Agreement are hereby incorporated by reference and, together with the documents executed in connection therewith, constitute the entire agreement between parties. There are no agreements, understandings, restrictions, representations, or warranties other than those set forth or referred to herein unless the parties have entered into an Addendum in writing, signed by the parties, that specifically references this Agreement.**

I agree to discuss these requirements – *Fiduciary Obligations, 401(k) Plan Responsibilities, & Personal Salary/Compensation Considerations* – with my Outside Counsel to make an informed decision.

Signature Date Printed Name

[1] . https://assets.guidantfinancial.com/public/2021/01/ROBS_TermsOfAgreement_Jan_2021.pdf

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CLIENT INFORMATION

Client Legal Name:
Client Date of Birth:

Spouse's Name (if applicable):
Spouse's Date of Birth: -- -- --

Client Address:

County:

City:

State:

Zip:

What state do you want the Corporation filed in?[2]:

SHAREHOLDER INFORMATION

Check if you are a Veteran.

Retirement Funds/Accounts: Please list all parties investing retirement funds that will be used with ROBS.

Account Owner Name	Type	Custodian	Amount	Inherited?

Non-Retirement Funds: Please list all parties investing personal funds in your new Corporation

Account Owner Name	Source	Amount
	Guidant Fee/Cash	$

I have confirmed with my custodian that my funds can be transferred and I acknowledge that I am ultimately responsible for ensuring that my funds are eligible for transfer/rollover into the ROBS Plan.

The Internal Revenue Code imposes a limit of one IRA distribution (this does not include rollovers) within a 12-month period that you also put back into the IRA within 60 days. Have you taken a 60-day distribution from an IRA in the last 12-months?

OUTSIDE COUNSEL

Consultations with outside counsel are conducted by telephone. Please indicate who you prefer to have represented by outside counsel[3]: Only me (single representation).

---

[2] In the event you submit your contract and later change the state of investment, additional requirements and fees will apply. Contact Guidant immediately.

[3] As provided in Paragraph 10 of the "Terms and Conditions." Client will receive telephonic consultations, ranging from 30-60 minutes maximum as determined by outside legal counsel to provide legal advice to Client on issues pertaining to the ROBS structure. If client's spouse/other investor desires to have separate legal counsel (i.e. no joint representation), the legal fees and costs of that separate legal counsel for the spouse/other investor will be the sole responsibility and expense of the Client. Client understands and agrees that GUIDANT will have no responsibility for such additional expenses.

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I,_____, hereby acknowledge that I have personally filled out the ROBS Agreement, the information therein is accurate to the best of my knowledge, and Guidant is entitled to rely on that information in fulfilling the ROBS.

PROPOSED INVESTMENT: BUSINESS TRANSACTION

- Are you purchasing a franchise?
- Will you be purchasing an existing business with ROBS?
  If **yes,** please answer the four following questions:
  1. This acquisition is an:
  2. Who are you purchasing the existing business from:
     - ❖ If **other**, please specify:
  3. Does this existing business have employees that will remain with the business after you acquire it?
     - ❖ If yes, how many existing employees are expected to remain with the business?
  4. Does this existing business have an existing retirement plan of any type?

❖ If yes, specify the type: If **other**, please specify:

- Do you contemplate the ROBS corporation will purchase, lease or otherwise occupy real estate that is owned by you, a family member or any entity in which you or any family member have any ownership?
  If **yes**, please explain:
- Do you anticipate the ROBS corporation entering into **any** type of commercial transaction or dealings with you, a family member or any entity in which you or any family member have ownership?
  If **yes,** please explain:
- Identify any and all parties (including other entities) involved with your pending business transaction. Include any familial relationships among those parties:

_____

"Joint Representation" means that both parties will be considered equally as clients, that both have the same legal interests, and both agree to attend all conferences with Outside Counsel. If you cannot meet those requirements, you must select single representation. With single representation, you may invite your spouse to attend any conference even if the spouse is not a client, with the understanding that you waive confidentiality in order to have the spouse attend. In this case, you both understand that only the represented spouse is entitled to reply on the legal advice.

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Do you, your spouse, your children, or other investor(s) currently have ownership interest in any other business entities? (These include sole proprietorships, inactive and shell entities.)

Entity Name		State of Filing	Entity Type	Active?	What does it do?
Your ownership	Spouse's Ownership	List other owners, their relationship to you, and percentage of their ownership:			
# of Employees	# of 1099 Contractors:	Will this business interact with the ROBS business in any way? Explain:			
Type of Existing Retirement Plan:					

Entity Name		State of Filing	Entity Type	Active?	What does it do?
Your ownership	Spouse's Ownership	List other owners, their relationship to you, and percentage of their ownership:			
# of Employees	# of 1099 Contractors:	Will this business interact with the ROBS business in any way? Explain:			
Type of Existing Retirement Plan:					

I understand that **ANY** interaction or co-commerce between any entity/business I have an ownership interest in and the new corporation that is being set up as part of my ROBS plan may constitute a prohibited transaction. If I decide that the entity or entities in which I have a personal ownership interest will interact with the ROBS corporation *in any way*, I agree to consult with my account manager and the outside legal counsel referred by Guidant, prior to such interaction. I agree to inform my outside counsel of all facts relating to any such possible interaction. *My initials below indicate that all individuals involved in the ROBS structure understand and agree to the above statements.*

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DocuSign Envelope ID: 7CB33D31-A843-4967-9870-9982273F05B5

This Agreement to Provide Services, dated , is a contract between Guidant Financial Group, Inc. ("GFG") and ("Client").

Upon return of a signed and completed copy of this Agreement, subject to the Terms of Agreement , your payment of GFG's Agreed Fee, and the approval of this Agreement by GFG's compliance department, you will have retained GFG to produce documents and to provide services required for the ROBS program, as detailed below:

AGREED FEE: $

- **Establishment of one (1) Corporation, including filing fees;**[4]
- **Establishment of one (1) Profit Sharing 401(k) Pension Plan;**[5]
- **Assistance in the establishment of corporate bank account;**
- **Assistance in the establishment of 401(k) bank account;**
- **Assistance in transfer of funds from current plan administrator to the new 401(k) Plan;**
- **Telephonic consultations with outside legal counsel;**[6] **and**
- **Lifetime support with GFG Consultant(s).**

Please add the optional expedited service to the Agreed Fee for an additional $499.00. This includes the expedited filing fee (where available), overnight delivery of documents as necessary, and expedited processing priority. This service is not offered for all states - consult your Consultant for details.[7]

Method of payment (select one of the choices below):

Expiration Month Expiration Year

I understand there will be $10 charge on all returned ACH charges

I have read, understand and agree to the terms of this agreement as detailed in the linked " Terms of Agreement ."[8]

Client Signature Date Printed Name

Ralph Nilssen

[4] The default state of filing will be the Client's state of residence, unless otherwise indicated by the client and agreed to by GFG. It is the client's responsibility to notify GFG if client would prefer to file in a state other than client's state of residence. The number of shares and par value authorized for your Corporation will be determined based on GFG's standard practices, unless agreed to otherwise. GFG will pay up to $500 in filing fees directly associated with the filing of the Articles of Incorporation. Filing fees will be determined by state filing fee requirements and based on GFG's standard filing practices, unless agreed to otherwise. Any filing fees, including fees related to the expedite of such filing, in excess of $500 are the sole responsibility of the client and such excess fees must be paid by the client to GFG in advance of filing the Articles of Incorporation. GFG cannot guarantee the processing times for filings and will not be held liable for any damages caused by delay from processing a filing.

[5] In addition to the Agreed Fee, you will have the opportunity to engage GFG for the required plan administration services of your 401(k) Plan. Administration fees begin at $139 per month. Fees will be paid in accordance with the terms of the Plan Administration Agreement. Additional fees may apply.

[6] As detailed in Paragraph 10 of the "Terms of Agreement."

[7] EXPEDITE filings in California will incur an additional charge of $200 for each entity. This charge will be added to the Agreed Fee.

[8] Each individual contributing retirement funds to the ROBS is required to sign the agreement.

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guidant FINANCIAL

SBA Consulting *Agreement*

CLIENT INFORMATION

This Agreement is dated _____, and is between Guidant Financial Group, Inc. ("GFG") and _____("Client"), wherein GFG agrees to provide services relating to consulting of a Small Business Administration (SBA) loan. As part of this Agreement, Guidant will collect $ as a Deposit. This deposit will be refunded when it meets our Terms of Agreement at the closing of Client's SBA loan with lending bank. Please see Terms of the Agreement below.

Method of payment (select one of the choices below):

☐ I choose to pay the Deposit by ACH. (Please attach a copy of a voided check from either a personal or a business checking account in order for ACH to be properly run. The check cannot be from an equity line of credit, credit card check, or brokerage account.)[1]

☐ I choose to pay the Deposit by credit card:

Credit Card Type: ☐ Visa ☐ MasterCard ☐ AMEX ☐ Discover

Card Number:_____ Expiration Date: ____/____

Cardholder's Name (as it appears on the card):[2]_____

Card Billing Address: _____

City: _____ State: _____ Zip:_____

TERMS OF THE AGREEMENT:

1. **WHEN THIS AGREEMENT BECOMES ACCEPTED.** Notwithstanding any dates on this Agreement, this Agreement will be deemed accepted when two conditions have been satisfied: (a) Client returns a completed, signed copy of this Agreement; and (b) Client has paid the Deposit to GFG.

2. **LOAN CONSULTING DEPOSIT TO GFG.** GFG will assist the Client by providing consulting services regarding SBA lending options, assist in collecting necessary documents and advising clients on lending options for possible submission of loan applications to a lender and the SBA. The SBA does not require the use of an agent or for Client to obtain consulting or loan packaging services in order to submit a loan to the SBA. Client shall pay GFG a Deposit of $. The deposit shall be due and payable to GFG after the Client has had a consultation call with a GFG SBA Loan Consultant and there is mutual agreement to move the process forward and begin collecting documentation. In instances where the SBA loan principal amount is $200,000.00 or less and Client has engaged Guidant for SBA Consulting Services only, Guidant shall retain the entire deposit as compensation for services provided to Client. Where the SBA loan principal amount is greater than $200,000.00, upon notification from the SBA Bank Lender that the SBA loan has closed (funded), Guidant shall refund the $ deposit to the client via the payment method Client used to pay Deposit. Upon notification from the bank of the loan closing, Deposit shall be refunded and posted to account within 3-5 days depending on payment method used. In instances where Guidant has provided loan consulting services and you opt to proceed with a bank outside of Guidant's network, Guidant shall retain the Deposit as a fee for services provided.

3. **CLIENT'S DUTIES IN CONNECTION WITH THIS AGREEMENT.** Upon acceptance of this Agreement, GFG will assist you in your effort to secure an SBA loan. If GFG is unable to obtain a proposal for an SBA loan from a lender at market rates, GFG agrees to refund the Deposit, provided the following conditions have been met by Client:
   a) All Information Client has submitted before and after signing the Agreement is complete and accurate;
   b) Client has disclosed all material information (and will provide updates to the material information throughout the process) that would affect the qualification of an SBA loan. Examples of this include, but are not limited to: past convictions (felony or misdemeanor), judgments, tax liens, owed child support and/or bankruptcy filings;
   c) Client has not abandoned the application or directed that it be withdrawn, and Client has exerted their good faith best effort to respond to Guidant's requests for information or data in a timely manner;
   d) Client has not materially changed the project cost(s) after initial prequalification leading to Client no longer being qualified for the loan;

[1] A $10.00 fee will be automatically assessed on all returned ACH charges. This fee will be assessed each time a charge is returned.

[2] Any individual(s) submitting his/her credit card for payment is required to authorize the charge by signing this Agreement.

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tel 888 472 4455 | **fax** 888 418 0374 | **web** www.guidantfinancial.com

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e) Client will follow lender best practices and requirements with respect to the loan submission, including down payment, seller financing, business location selection, business plan and operations; and
f) Client has not taken post-submission action to impair Client's credit status by refinancing any of Client's obligations or making major purchases that affect the Client's credit (such as a motor vehicle) or Client's liquidity.

If all of the above conditions are not fully satisfied, GFG may retain the entire $ Deposit. Guidant will consult with you throughout the process and you will be given updates of the likelihood of success and how to proceed.

4. **NO REPRESENTATIONS OR WARRANTIES.** Although GFG will make an initial qualification screen of client's SBA submission, Client understands and acknowledges that GFG cannot and does not make representations or warranties as to the likelihood of approval of an SBA loan or any type of loan, or the length of time required for lender approval. GFG has no authority to bind the SBA or any lender. Client acknowledges and agrees that GFG and its GFG's employees have made no representations, promises or warranties to the Client and that Client has not relied on any representation, promise or warranty of GFG or GFG's employees regarding approval and/or obtaining a loan. Should Client fail to get approval of an SBA loan in accordance with Paragraph 2 above, the sole remedy for the Client shall be the refund of the GFG Deposit provided the conditions in Para.3 and this Agreement have been fully satisfied.

5. **NO ATTORNEY-CLIENT RELATIONSHIP WITH GFG OR ITS EMPLOYEES.** GFG is a facilitator, not a law firm. GFG does not provide legal services. No attorney-client relationship exists between Client and GFG, its management, salespersons or GFG's in-house legal counsel. Client is solely responsible for conducting his or her own due diligence as to the appropriateness and suitability of Guidant's services for Client's particular circumstances. Any legal or tax issues that Client may have must be resolved by Client's own attorney or tax advisor.

6. **RIGHT OF RESCISSION.** You have a right to rescind this contract for seven (7) calendar days from the date the payment has been collected by Guidant. If Client exercises his or her right of rescission within the seven day period, any out-of-pocket fees or expenses that were incurred prior to the notice of rescission to GFG will be deducted from the refund amount.

7. **BINDING ARBITRATION AND VENUE.** All claims or controversies between Client and GFG arising out of this Agreement or its performance shall be submitted to binding arbitration under the rules of the American Arbitration Association (unless the parties agree to another arbitration forum). Such binding arbitration shall be the exclusive remedy of the complaining party. The exclusive venue and jurisdiction for any such arbitration proceeding and judicial enforcement thereof shall be in King County, Washington, governed by Washington law.

8. **ENTIRE AGREEMENT.** This Agreement and the documents executed or delivered in connection therewith constitute the entire understanding and agreement between the parties. There are no agreements, understandings, restrictions, representations, or warranties other than those set forth or referred to herein unless the parties have entered into an Addendum in writing, signed by both parties, that specifically references this Agreement.

I have read, understand and agree to the Terms of this Agreement

Client Signature	Date	Ralph Nilssen Printed Name

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EXHIBIT L-2
BENETRENDS DOCUMENTS

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Engagement Agreement

The undersigned hereby retains Benetrends, Inc. ("Benetrends") as a consultant and authorizes Benetrends to provide services (as indicated in the attached Benetrends Fee schedule necessary for the orderly administration of the undersigned employee retirement plan(s)). The undersigned agrees that services provided by Benetrends will be subject to the review and approval of the undersigned, the Plan Administrator (as defined in the appropriate Plan Documents) or their designated representatives and authorizes Benetrends to consult with the undersigned's financial advisor, accountant and/or attorney, as required.

_____ The undersigned acknowledges that he has read and agrees to conform to the terms and conditions of this Agreement and the Fee and Service Disclosure, which is subject to change. The Fee Schedule may be modified by Benetrends by providing a new Fee Schedule to the undersigned which will be effective 30 days after such date. In the event of a delinquency in payment of more than 30 days from the date billed, Benetrends' services will be suspended, and no administration, however urgent, will be performed until such time as payment for delinquent fees has been received by Benetrends.

_____ The undersigned acknowledges that he has read and agrees to the following terms of engagement:

- The undersigned understands that, in most cases, an employee will be required to terminate employment with a prior employer to access their retirement funds so that they can be rolled into the Retirement Plan (Plan) that you have authorized Benetrends to set up.

- All employees must be allowed to roll money into the Plan and must be given the same investment options.

- The undersigned must contribute to the Plan as soon as possible in order to comply with applicable IRS, DOL and ERISA rules and regulations. Benetrends recommends that the undersigned make a minimum contribution as soon as possible to all eligible employees no later than the third year after the creation of the Plan. A substantial contribution is generally seen as at least one percent (1%) of an eligible employee's annual salary.

- An employee's account balances in the Plan vests at the rate designated in the Plan's Adoption Agreement.

- Benetrends assumes no liability or responsibility if the Plan is serviced by another Third Party Administrator or Record-keeper.

- No investment of any money from the Plan into employer stock may be made more than 90 days after the initial investment in employer stock without an independent business appraisal. You must contact your Benetrends Retirement Plan Analyst for specific instructions before making an additional investment in employer stock.

- The undersigned acknowledges that, as a "C" Corporation, the entity cannot be an investment company and must be engaged in an active business that provides a service or product to one or more customers.

- The undersigned may not make an election to be taxed as an "S" Corporation while the Plan holds Qualifying Employer Stock as an asset. The sponsoring company must be set up and maintained as a "C" Corporation.

Benetrends assumes no liability for any penalties, adverse tax consequences or additional costs that may be charged, assessed or incurred because of the non-timely filing of required government reports, applications or other documents, or if the undersigned is delinquent in providing information requested by Benetrends. Benetrends does not assume, and will not bear, any responsibility or liability for any actions taken (or omitted to be taken) by the undersigned's prior plan consultant, actuary, contract or named administrator.

This Engagement Agreement, together with Our Rainmaker™ Guarantee, contains our entire understanding and agreement and supersedes all prior agreements and understandings, express or implied, oral or written. This Engagement Agreement will be governed by the laws of the Commonwealth of Pennsylvania and may not be changed or modified except by a written document signed by both Benetrends and the undersigned.

Disputes. Any and all disputes that may arise out of or relate to this Agreement, other agreements or any other relationship involving Client and Benetrends (whether occurring prior to, as part of, or after the signing of this Agreement), shall first be resolved by good faith negotiations between the parties with the assistance of nonbinding mediation. In the event either party determines that they are not able to resolve the dispute through negotiation and mediation, then the dispute shall be submitted to, and resolved by, final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Negotiation, mediation and arbitration shall be the exclusive means of dispute resolution as between Client and Benetrends and their respective agents, employees, officers and members. Arbitration shall be before a single arbitrator in the County of Montgomery, Pennsylvania. The Arbitrator shall apply Pennsylvania substantive law. Any party may bring an action in any court of competent jurisdiction, if necessary: (i) to compel arbitration under this arbitration provision, or (ii) to obtain preliminary relief in support of claims to be prosecuted in arbitration, or (iii) to enter a judgment of any award rendered pursuant to such arbitration.

_____ I understand the fee for the ongoing administration of the Plan begins 30 days from the agreed to and executed date below. **I also understand that Benetrends may not increase the fees during my first 12 monthly administration payments but may increase its fees thereafter by giving me notice of the increase at least thirty (30) days prior to my next monthly administration payment.**

Client	**Benetrends**
Agreed to & executed on (date):_____	Accepted on (date)
Name:_____	Name: Cheryl Fischer
Signature:_____	Signature: *Cheryl Fischer*

EXHIBIT M

STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either 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	April 8, 2022
Illinois	May 9, 2022
Indiana	April 7, 2022
Maryland	July 26, 2022
Michigan	April 11, 2022
Minnesota	Pending
New York	Pending
Rhode Island	April 12, 2022
Virginia	May 10, 2022
Washington	August 8, 2022
Wisconsin	April 7, 2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Iron 24 Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires Iron 24 Franchising, LLC to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment of any consideration to, the franchisor or one of its affiliates in connection with the proposed sale. Michigan requires that Iron 24 Franchising, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Iron 24 Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: David Graham, Marty Flanagan, Iron 24 Franchising, LLC, FranPerform, LLC, all with an address of 2880 Broadway Bend Drive, Building #1, Pearland, Texas 77584, (763) 200-1105; and _____(blank completed only if applicable).

The issuance date of this Disclosure Document is: April 6, 2022.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 6, 2022 that included the following Exhibits:

Exhibit A – State Administrators/Agents for Service of Process
Exhibit B – State Specific Addendum
Exhibit C – Franchise Agreement
Exhibit D – Area Development Agreement
Exhibit E - Non-Use and Non-Disclosure Agreement
Exhibit F – List of Franchisees and Area Developers
Exhibit G – List of Franchisees and Area Developers Who Have Left the System
Exhibit H – Financial Statements
Exhibit I – Table of Contents to Confidential Operations Manuals
Exhibit J - General Release
Exhibit K – FranchiCzar Agreement
Exhibit L – Financing Documents
Exhibit M – State Effective Dates and Receipts

_____ _____
Date Prospective Franchisee

_____
Printed Name

PLEASE KEEP THIS COPY FOR YOUR RECORDS.

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Iron 24 Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires Iron 24 Franchising, LLC to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment of any consideration to, the franchisor or one of its affiliates in connection with the proposed sale. Michigan requires that Iron 24 Franchising, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

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Exhibit M – State Effective Dates and Receipts

_____
Date

_____
Prospective Franchisee

_____
Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO MARTY FLANAGAN, IRON 24 FRANCHISING, LLC, 2880 BROADWAY BEND DRIVE, BLDG #1, PEARLAND, TEXAS 77584.

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