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FRANCHISE DISCLOSURE DOCUMENT

Koko FitClub, LLC
A Limited Liability Company
300 Ledgewood Place
Rockland, Massachusetts 02370
877-KOKO-FIT (877-565-6348)
www KokoFitClub com
FranchiseInfo@KokoFitClub com

Koko FitClub, LLC, offers a franchise to establish and operate a Koko FitClub, a digital gym that features and offers for sale to the public membership to a specialty health and fitness club with patented fitness equipment, personalized technology, exercise and nutrition plans for Koko FitClub members, guidance for members through their daily workouts, and website tracking of their health and fitness activity, along with various merchandising relating to health and fitness

The total investment necessary to begin operation of a single Koko FitClub is $396,312 or, if you finance or lease certain equipment and furnishings, $203,369 This includes $177,718 that must be paid to the franchisor

The total investment necessary to begin operation of a single Koko Xpress is $331,827 or, if you finance or lease certain equipment and furnishings, $185,260 This includes $148,880 that must be paid to the franchisor

If you are acquiring rights to develop multiple units under an Area Development Agreement, you will pay us a development fee equal to the sum of the initial franchise fee for the first club ($39,000) plus the product of $10,000 multiplied by the number of additional clubs to be developed For example, if you acquire development rights for three clubs, you will pay us a development fee of $59,000 ($39,000 plus 2 x $10,000)

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

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

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

www ftc gov for additional information Call your state agency or visit your public library for other sources of information on franchising

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

Issuance Date June 2, 2017

FOR USE IN ALL STATES EXCEPT MARYLAND

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

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

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

3 IN THE 2015 FDD THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT CHANGED SUBSTANTIALLY THE CHANGES WERE MADE TO ACCOMMODATE ADDITIONAL EQUIPMENT AND NEWLY INTRODUCED EQUIPMENT WHICH IS ONLY IN THOSE CLUBS THAT HAVE OPENED SINCE JULY 2015

4 FRANCHISOR IS CONTINUING TO OPERATE AS A GOING CONCERN THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $203,369 TO $396,312 FOR A KOKO FITCLUB AND $185,260 TO $331,827 FOR A KOKO XPRESS THIS AMOUNT EXCEEDS THE NEGATIVE EQUITY OF FRANCHISOR'S MEMBERS OF $2,671,059 AS OF MARCH 31, 2016

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date (See attached list of state effective dates)

State Effective Dates

STATE	EFFECTIVE DATE
California	
Connecticut	September 5, 2008 (Exemption)
Florida	September 21, 2016 (Exemption)
Hawaii	Not Registered
Illinois	July 28, 2016
Indiana	August 31, 2016
Kentucky	September 16, 2008 (Exemption)
Michigan	October 28, 2016
Minnesota	September 1, 2016
Nebraska	September 9, 2008 (Exemption)
New York	September 20, 2016
North Dakota	August 4, 2016
Rhode Island	July 29, 2016
South Dakota	August 16, 2016
Texas	August 27, 2008 (Exemption)
Utah	September 12, 2016 (Exemption)
Washington	September 17, 2016
Wisconsin	July 28, 2016

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I	State Addenda
J	Receipt (in duplicate)

Item 1

The Franchisor, and Any Parents, Predecessors, and Affiliates

To simplify the language of this disclosure document, "we," "us," "Koko," or "Koko Xpress" refers to Koko FitClub, LLC, the franchisor "You" or "Franchisee" refers to the entity who enters into a franchise agreement, the franchisee The Franchisee must be a corporation, partnership, or a limited liability company created solely for the purpose of operating a Koko FitClub franchise "Franchisee" also means the shareholders, partners, members, or principals of such entity by virtue of our requirement that your owners personally guarantee your obligations under the Franchise Agreement

Koko is a limited liability company organized under the laws of Delaware in 2008 Our principal business address is 300 Ledgewood Place, Rockland, Massachusetts 02370 We do business under the names "Koko FitClub" and "KokoFitClub com," and under no other names

We commenced operations and began franchising in August 2008 We currently operate three businesses of the type to be operated by franchisees We have not conducted businesses in any other line of business and we have not offered franchises in any other type of business

Koko Fitness, Inc ("KFI") is both our parent company and our predecessor KFI (which shares our offices) was incorporated on March 29, 2004 KFI developed the proprietary specialized fitness equipment that you will use in your Koko FitClub On May 31, 2013, KFI transferred all of its assets, including all future sales of fitness equipment and certain of its liabilities to us, in exchange for membership interests in us KFI does not offer, and has never offered, franchises in any line of business and does not intend to operate any additional Koko FitClubs KFI no longer conducts business and is solely the owner of a majority of the interests in Koko

Our agents for service of process are listed in Exhibit B

Description of the Franchised Business

We offer two types of franchises, a full size Koko FitClub Franchised Business, and a Koko Xpress Franchised Business A full size Koko FitClub Franchised Business is approximately 2,700 square feet with six Koko Smartrainers, five treadmills with KokoCardio electronics, four elliptical trainers with KokoCardio electronics, one SmartStation and spare electronics, and one Koko FitCheck body assessment system A Koko Xpress Franchised Business is approximately 2,200 square feet with five Koko Smartrainers, three treadmills with KokoCardio electronics, two elliptical trainers with KokoCardio electronics, one SmartStation and spare electronics, and one Koko FitCheck body assessment system featuring limited services of the same type as a full size Koko FitClub

We grant franchises to establish and operate a Koko FitClub (the "Franchised Business" or "Koko FitClub") or Koko Xpress under a Franchise Agreement, in the form attached as Exhibit C to this disclosure document Each Koko FitClub and Koko Xpress is a "digital gym" that features and offers for sale to the public (a) membership to a specialty health and fitness club with patented fitness equipment, personalized technology, and exercise plans for Koko FitClub members, (b) guidance for members through their daily workouts and website tracking of their health and fitness activity, (c) a Koko FitCheck body assessment system that measures each member's unique body composition and Koko Metabolic Rate, the data from which enables customized nutritional plans via Koko Fuel, (d) various merchandising relating to health, fitness, and nutrition, and (e) such other proprietary and non-proprietary products and services as Franchisor may designate from time to time (the "Products and Services"), all under the trade name "Koko FitClub "

The Koko FitClub and Koko Xpress will operate according to a unique system (the "System") The distinguishing characteristics of the System include exercise equipment, technology, and health and fitness programs, including the Koko Smartrainer with Koko Key customization, Koko Cardio, Koko FitCheck, and Koko Fuel, distinctive exterior and interior designs and decor, uniform standards, specifications and procedures for operations, training and assistance, Products and Services, and advertising and promotional programs

Area Development Agreement

Koko FitClub also offers the opportunity to establish and operate more than one Koko FitClub or Koko Xpress in a designated area ("Development Area") under an Area Development Agreement ("Area Development Agreement"), attached as Exhibit D to this disclosure document Under the Area Development Agreement, you will receive certain rights to develop a specified number of franchised businesses within the Development Area under a development schedule ("Development Schedule") For each Koko FitClub or Koko Xpress you develop under the Area Development Agreement, you must sign a separate franchise agreement See Item 12 for a further description of the Development Area

Market and Competition

The market for a Koko FitClub and Koko Xpress is well developed You may compete with traditional health clubs, boutique training gyms, and personal training studios, as well as with the sale of fitness equipment to consumers Sales are not seasonal

Laws and Regulations

Your Franchised Business will be subject to laws and regulations that are applicable to businesses generally Depending on where your Koko FitClub is located, your Franchised Business may also be subject to laws and regulations relating to the operation of a health or fitness club You should investigate the existence and applicability of these laws in your area

Item 2 Business Experience

Mary Obana President, Director, and Co-Founder

Mary Obana is a co-founder of Koko and has served as our President and a member of our Board of Directors since our creation in April 2008

Michael Lannon CEO, Director, and Co-Founder

Mike Lannon is the Chairman of the Board of Directors, CEO, and co-founder of Koko, positions he has held since our founding in April 2008 Mike is also the Founder and CEO of KFI, the company responsible for the development of the Koko Smartraining System He has served as CEO of KFI since July 2003

John Martus Senior Vice President Finance

John Martus is our SVP Finance, having joined Koko in August 2013 Before August 2013, John was North American Controller for British Telecommunications Conferencing Division in Quincy, MA, from January 2011 to August 2013 and he was Senior Vice President of Finance and Operations for Harland Clarke/Protocol Direct Marketing in Braintree, MA, from June 2004 to January 2011

Lauren Dell'Olio Chief Marketing Officer

Lauren Dell'Olio has served as Senior Marketing Director for Koko since our creation in April 2008

Michael Wood Chief Fitness Officer

Michael Wood has served as Chief Fitness Officer for Koko since our creation in April 2008

Nick Konarski Chief of Operations

Nick joined Koko in 2010 and has held various operational roles during his tenure In early 2016 he moved into the new created role of Chief of Operations, mainly focusing on coaching, training and working with franchisees

Item 3 Litigation

Sparkstin Fitness Holdings, LLC, et al v Koko FitClub, LLC, et al, AAA Arbitration Case No 01-16-0000-1166 (hereinafter the "Arbitration") In the Fall of 2015, Koko FitClub, LLC, Michael Lannon and Mary Obana (collectively "Koko") were put on notice of a potential claim by a multi-unit franchisee in Southeastern, Massachusetts, owned by five different holding companies and their principals Matthew & Jennifer Stinner (collectively the "Stinners") In early 2016, the Stinners filed a complaint with the American Arbitration Association in Boston, Massachusetts The initial claims made against Koko were for breach of contract, negligent/fraudulent misrepresentation and violation of Massachusetts General Law Chapter 93A The Stinners demanded payment

of $2 5 million in hard damages, treble the damages pursuant to Massachusetts General Law 93A, and attorney's fees and costs pursuant to the terms of their franchise and area development agreements with Koko Koko adamantly denied what it believed were frivolous claims and mounted a vigorous defense on all counts Shortly after filing the arbitration began the Stinners closed its franchised outlets On March 1, 2017, after conducting extensive discovery and prior to the arbitration hearing, the parties entered into a Settlement Agreement to resolve the dispute Among other things, the Settlement Agreement called for (i) the Arbitration claims against Koko to be immediately dismissed without the payment of any money whatsoever from Koko to the Stinners, and (ii) the official end of the franchise relationship between the parties This matter is now resolved

Other than the one item described above, there is no litigation that is required to be disclosed in this Item

Item 4 Bankruptcy

No bankruptcy information is required to be disclosed in this Item

Item 5 Initial Fees

The Initial Franchise Fee for a full size Koko FitClub or Koko Xpress in a Territory is $39,000, payable by you in full to Koko when the Franchise Agreement is signed The Initial Franchise Fee will be deemed fully earned and non-refundable in consideration of the proprietary rights to the Koko FitClub Franchise System granted to you, administrative and other expenses incurred by Koko in granting the franchise, and for our lost or deferred opportunity to franchise others The Initial Franchise Fee is uniform for all franchises presently offered

If you enter into an Area Development Agreement, you must pay to us an initial development fee (the "Development Fee") The amount of the Development Fee will be $39,000 for the first Koko FitClub that you agree to develop under the Area Development Agreement plus an additional $10,000 for each additional Koko FitClub that you agree to develop under the Area Development Agreement The entire Development Fee is payable when you sign the Area Development Agreement and is non-refundable If you remain in full compliance with the Development Schedule, we will credit $39,000 of the Development Fee against the initial franchise fee for the first Koko FitClub successfully opened and will credit $10,000 of the Development Fee against the initial franchise fee payable under each Franchise Agreement for all subsequent Koko FitClubs developed and successfully opened under the Area Development Agreement

Before your Koko FitClub opens, you must purchase new, proprietary Koko Smartrainer equipment, Koko cardio technology, and a Koko FitCheck Station and user interface from us You will spend $128,208 to purchase this equipment in the standard club format, including installation We will invoice you for this amount at the time your Franchise Agreement is executed

The payment schedule for the equipment is as follows

- 50% ($64,104) - Due 30 days after the Franchise Agreement is executed
- 50% ($64,104) - Due 60 days after the Franchise Agreement is executed

Before your Koko Xpress opens, you must purchase new, proprietary Koko Smartrainer equipment, Koko cardio technology, and a Koko FitCheck Station and user interface from us You will spend $99,370 to purchase this equipment in the standard club format, including installation We will invoice you for this amount at the time your Franchise Agreement is executed

The payment schedule for the equipment is as follows

- 50% ($49,685) - Due 30 days after the Franchise Agreement is executed
- 50% ($49,685) - Due 60 days after the Franchise Agreement is executed

You also must purchase branded fixtures from us, which will cost approximately $10,510 The cost of the branded fixtures, freight, and insurance will be invoiced separately and is due not later than 10 days prior to shipping of equipment

You must also pay our designated provider of Koko Keys (currently TR Miller), approximately $3,990 for an initial inventory of Koko Keys This includes approximately 200 Koko Keys for resale to members for use with the fitness equipment at your Koko FitClub Koko Keys are proprietary USB flash drives that securely stores each member's personal exercise data and programming information and track their activity Koko Keys are necessary for users to operate the fitness equipment in Koko FitClubs

All payments for equipment and fixtures are non-refundable

Item 6 Other Fees

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	3% - 5% of Gross Collections	Electronically paid via member management system when member makes payment	See Note 1
Common Marketing Services Fee	2% of Gross Collections	Electronically paid via member management system when member makes payment	See Note 2

Type of Fee	Amount	Due Date	Remarks
Additional Training	Then-current training fee (currently $850 per day) and actual expenses	Before training	See Note 3
On-Site Evaluation	Actual expenses	As incurred	See Note 4
Insurance	If you do not acquire the required insurance, the actual cost we incur to procure that insurance	As incurred	See Note 5
Insufficient Funds and Late Payment Fees	$25 insufficient funds fee for first occurrence, $50 for second occurrence, $100 for third occurrence, and $500 if unpaid after 30 days and for each subsequent unpaid month	As incurred	See Note 6
Renewal Fee	$13,000 or one-third of then current initial franchise fee, whichever is greater	Before renewal	See Note 7
Franchise System Rights Transfer Fee	$19,500 or 50% of the then current initial franchise fee, whichever is greater	Before resale	See Note 8
Indemnification	Actual cost or loss	As incurred	See Note 9
Collection Costs and Attorneys' Fees	Cost of collection or attorneys' fees	As incurred	See Note 10
Smartraining Software Services Fee	$8-$10 per month for each unique Registered Koko Smartraining System User at any time during that month whose data we maintain and manage	Electronically paid by the 10th calendar day of each month based on amount due for the preceding month	See Note 11
Evaluation and Testing Charge	Actual cost (approximately $250 to $500)	As incurred	See Note 12
Suspension Fee	$500 per day plus expenses	As incurred	See Note 13

All fees are non-refundable and are uniformly imposed by, payable to, and collected by us

Note 1 (Royalty) You must pay us a Royalty based on your Gross Collections **"Gross Collections"** is the total of all revenue that you obtain from the sale of memberships, Products and Services, and all other income or consideration that you receive, less certain taxes that you collect from members and pay directly to tax authorities

During the first year of the Franchise Agreement, the Royalty will be 3% of Gross Collections During the second year of the Franchise Agreement, the Royalty will be 3 5% of Gross Collections During the third year of the Franchise Agreement, the Royalty will be 4% of Gross Collections During the fourth year of the Franchise Agreement, the Royalty will be 4 5% of Gross Collections During the fifth through the tenth years of the Franchise Agreement, the Royalty will be 5% of Gross Collections Members of your Koko FitClub will make payments via the designated member management system (currently, ASF Payment Solutions), and we will receive the Royalty from ASF Payment Solutions shortly after each member makes payment

Note 2 (Common Marketing Services Fee) You must pay us a Common Marketing Services Fee equal to 2% of your Gross Collections Members of your Koko FitClub will make payments via the designated member management system (currently, ASF Payment Solutions), and we will receive the Common Marketing Service Fee from ASF Payment Solutions shortly after each member makes payment

Note 3 (Additional Training) Occasionally, we may provide additional courses, workshops, seminars and other training programs that you and your employees may be required to attend We reserve the right to require you to pay the then-current training fee (currently $850 per day) as designated in our Operating Standards on the "Tools & Forums" section of our Web site[1] or otherwise in writing to attend the additional courses, seminars or other training programs You are also responsible for all travel, lodging, meals, wages, and other expenses incurred by you and your employees in connection with attending the additional training programs

Note 4 (On-Site Evaluation) If we determine that an on-site evaluation is advisable as part of our evaluation of your request for site approval, we may require you to reimburse us for our reasonable expenses, including the costs of travel, lodging, and meals

Note 5 (Insurance) Before you commence operations of your Koko FitClub, you must purchase and maintain at your own expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including per occurrence (minimum of $1M), comprehensive general aggregate liability insurance (minimum of $2M), property and casualty insurance, business interruption insurance, EPLI (employment practices liability insurance) and statutory workers' compensation insurance, as well as insurance against damage caused by hurricanes, earthquakes, flood and the like, in areas prone to such conditions If you fail to obtain or maintain the required insurance, we will have the right and authority (but not the obligation) to procure the required insurance and to charge you for the cost of doing so, including a reasonable fee for our expenses in procuring the insurance

[1] A portion of our Web site is accessible only to franchisees, by entering a use name and password We make some of the information that we provide to our franchisees available through that section of the Web site

Note 6 (Insufficient Funds and Late Payment Fees) If monies are not available for electronic payment (ACH) on the 10th of the month (or the following business day if the 10th falls on a weekend or bank holiday), there will be a $25 insufficient funds fee automatically charged per non-paying club A second attempt will be made 2 business days later If funds are not available, a $50 insufficient funds fee will be automatically charged per non-paying club A 3rd attempt will be made another 7 business days later If funds are again unavailable, a $100 insufficient funds fee will be automatically charged per non-paying club, after which a cashier's check for full payment, including insufficient funds charges, must be received by the 30th of the month You must pay us a $500 insufficient funds fee if full payment is not received by the 30th of the month and an additional $500 for each subsequent month that any amount remains past due

Note 7 (Renewal Fee) If you renew your rights under the Franchise Agreement, you must pay to us a renewal fee in an amount equal to $13,000 or 33% of the then-current initial franchisee fee being charged to new franchisees at the time of the renewal, whichever is greater

Note 8 (Franchise System Rights Transfer Fee) If there is a change in control to another entity, through transfer or resale, under the Franchise Agreement (as described in Item 17 and the Franchise Agreement), you or the transferee must pay to us a Franchise System Rights transfer fee in an amount equal to $19,500 or 50% of the then-current initial franchise fee being charged to new franchisees at the time of the transfer, whichever is greater If the transferee wants a full 10 year term for the new franchise agreement, the transferee may elect to pay the then-current initial franchise fee In the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, no transfer fee will be required We will waive the Franchise System Rights transfer fee in the case of a transfer to an immediate family member of you or any principal of the Franchisee, and we will waive the transfer fee in the case of a transfer to us or to an existing Koko FitClub franchisee

Note 9 (Indemnification) Under the Franchise Agreement, you are required to indemnify and hold us and our affiliates, and their respective officers, directors, and employees harmless against any and all claims, losses, costs, expenses, liabilities, and damages arising directly or indirectly from, as a result of, or in connection with your operation of the franchised business, the business conducted under the Franchise Agreement, or your breach of the Franchise Agreement, including those alleged to be caused by our negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by our gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them

Note 10 (Collection Costs and Attorneys' Fees) You must reimburse us for all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorneys' fees, and all other expenses we incur in enforcing any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement, including the cost of obtaining injunctive relief

Note 11 (Smartraining Software Services Fee) During each month of the term of the Franchise Agreement, you must pay us a fee for each unique user (members, owners, staff, etc) of the Koko Smartraining system of your Koko FitClub whose data we maintain in our Koko Smartraining system During the first year of the Franchise Agreement, the amount of this fee is $8 00 per user per month During the second year of the Franchise Agreement, this will be $8 50 per user per month During the third year of the Franchise Agreement, this Fee will be $9 00 per user per month During the fourth year of the Franchise Agreement, this fee will be $9 50 per

user per month Beginning in the fifth year of the Franchise Agreement and continuing until the expiration of the Franchise Agreement, this fee will be $10 00 per user per month We will maintain and manage each registered user's personal data and provide Web access to him or her, and you and your staff will have the ability to review each registered user's data We will own and control all registered user data stored in our Koko Smartraining system

Note 12 (Evaluation and Testing Charge) The actual cost of evaluating and testing alternative products, equipment, or suppliers is estimated to range from $250 to $500 for each evaluation or test

Note 13 (Suspension Fee) We have the right (but not the obligation) to suspend you from the System and to assume management of your Koko FitClub (or appoint a third party to assume its management) if (1) you abandon or fail actively to operate the Koko FitClub, or (2) you fail to comply with any provision of the Franchise Agreement or any of our standards and specifications and you do not cure the failure within the time period prescribed in our notice to you All funds from your Koko FitClub operation while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account We may charge you $500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses if we (or a third party) assume the management of your Koko FitClub

Item 7 Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Koko FitClub	Xpress			
Initial Franchise Fee[1]	$39,000	$39,000	Lump sum	At signing	Franchisor
Real Estate[2]	$18,000	$15,000	Lump sum	At signing of lease	Landlord
Renovation and Improvements to Real Estate[3]	$54,000	$44,000	As arranged	Before opening the Franchised Business	Vendors
Store Furnishings, Interior Signs, and Decorative Items[4] [5]	$2,056 to $20,562	$2,056 to $20,562	As arranged	Before opening the Franchised Business	Vendors, Franchisor
Supplies[6]	$575	$575	As arranged	As incurred	Vendors
Initial Equipment, Technology, and Computer Systems[5] [7]	$19,338 to $193,775	$14,229 to $142,290	As arranged	In installments, before opening the Franchised Business	Franchisor and Vendors
Initial Inventory of Koko Keys[8]	$3,990	$3,990	Lump sum	Before opening the Franchised Business	Approved vendor (currently TR Miller)
Initial Inventory of Starter Kits[9]	$1,960	$1,960	As arranged	Before opening the Franchised Business	Vendors
Exterior Signage[10]	$7,000	$7,000	As arranged	As incurred	Vendors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Koko FitClub	**Xpress**			
Travel Expenses while Training[11]	$2,500	$2,500	As arranged	As incurred	Vendors
CPR Training and Heart Defibrillator[12]	$1,750	$1,750	As arranged	Before opening the Franchised Business	Vendors
Initial Launch Marketing and Advertising[13]	$10,000	$10,000	As arranged	Before opening and within 3 months after you open your Koko FitClub	Vendors
Prepaid Insurance Premiums[14]	$3,000	$3,000	Lump sum or periodic	Before commencing operations and as arranged	Insurance broker
Permits, Licenses, Club Layout/Initial Architectural Plans[15]	$5,500	$5,500	As arranged	As incurred	Governmental agencies and professionals (such as architectural firms)
Prepaid Utilities / Expenses[16]	$700	$700	As arranged	As incurred	Landlord or local utility companies
Legal and Accounting and Services[17]	$2,000	$2,000	As arranged	Annually	Accountant or Tax Advisor
Additional Funds[18] (3 month period)	$32,000	$32,000	As arranged	As incurred	Retained by you
Total	**$203,369 to $396,312**	**$185,260 to $331,827**			

All fees imposed by, payable to, or collected by us are non-refundable We do not offer direct or indirect financing for any of the fees listed in the table above

Note 1 (Initial Franchise Fee) The Initial Franchise Fee for a Koko FitClub or Koko Xpress is $39,000 If you enter into an Area Development Agreement, you must pay a Development Fee of $39,000 for the first Koko FitClub that you agree to develop and an additional $10,000 for each additional Koko FitClub that you agree to develop The Development Fee will be credited against the initial franchise fees due for each Koko FitClub There is no other initial investment required under the Area Development Agreement See Item 5 for a description of the Initial Franchise Fee and the Development Fee

Note 2 (Real Estate) While you may own or purchase real estate in which to locate your Koko FitClub, we anticipate that you will more likely lease a location for the Koko FitClub in a suburban shopping center or elsewhere The figures in the chart are based on Koko's estimate of the cost of your lease or sublease for the leasehold premises, assuming an average of 2,700 square feet of retail space for a full size Koko FitClub and 2,200 square feet of retail space for a Koko Xpress

The monthly rental for leased premises varies depending upon your actual square footage, the location of the Koko FitClub and the then-current, local real estate rental market conditions You will be put in contact with a Koko real estate partner resource before signing your Franchise Agreement This will enable you to obtain estimates of rental costs The figures in the chart reflect an estimate for a one-month security deposit and the first month's rent Depending on the market, we estimate that rentals will cost approximately $9,000 monthly for 2,700 square feet of retail space, including common area maintenance (CAM) for a full size Koko FitClub and approximately $7,500 monthly for 2,200 square feet of retail space, including common area maintenance (CAM) for a Koko Xpress Other markets may vary In addition, some landlords may require additional security deposits or rental payments upon execution of a lease Many locations require the tenant to pay charges in addition to rent, such as real estate taxes, and a percentage of utilities, maintenance and insurance Such additional charges would increase your rental costs Some locations may rebate to you all or a portion of your expenses involved in "tenant improvements" to the space You should carefully investigate and evaluate all of the potential costs, landlord cost deferments, and rebates associated with a particular franchise location

Note 3 (Renovation and Improvements to Real Estate)

Koko FitClub This estimate includes the costs to remodel the leased premises and to renovate the space in accordance with our standards and specifications, assuming 2,700 square feet of retail space This estimate assumes your landlord will deliver your premises in a complete, "move-in" condition, meaning that all painting, carpeting, lighting, plumbing and basic electrical wiring will be done according to Koko standards at the Landlord's expense (It is our experience that almost all of our franchisees receive the premises in move-in condition) We expect that you may spend an additional $54,000 for other expenses not paid for by your landlord

If the landlord instead provides the space in "as is" condition, we expect that you may spend between $135,000 and $175,000 to renovate the space in accordance with our standards and specifications Your landlord may be willing to rebate to you some or all of these expenses as "tenant improvements" or pay for the expenses at their own cost and agree to be reimbursed by you on a monthly payment schedule incorporated into your monthly rental rate You should carefully investigate and negotiate with your landlord for any and all potential special terms regarding tenant improvements

Xpress This estimate includes the costs to remodel the leased premises and to renovate the space in accordance with our standards and specifications, assuming 2,200 square feet of retail space This estimate assumes your landlord will deliver your premises in a complete, "move-in" condition, meaning that all painting, carpeting, lighting, plumbing and basic electrical wiring will be done according to Koko standards at the Landlord's expense (It is our experience that almost all of our franchisees receive the premises in move-in condition) We expect that you may spend an additional $44,000 for other expenses not paid for by your landlord

If the landlord instead provides the space in "as is" condition, we expect that you may spend between $108,000 and $140,000 to renovate the space in accordance with our standards and specifications Your landlord may be willing to rebate to you some or all of these expenses as "tenant improvements" or pay for the expenses at their own cost and agree to be reimbursed by you on a monthly payment schedule incorporated into your monthly rental rate You should carefully investigate and negotiate with your landlord for any and all potential special terms regarding tenant improvements

Your initial investment for improvements will vary depending upon the size of your Koko FitClub or Xpress, the pre-existing condition of the space, and its geographic location Construction and renovation costs in some areas of the country may exceed these estimates Before starting the build out of the premises of the Koko FitClub or Xpress, you must obtain our written approval of your plan for the premises The plan for the premises may not be changed or modified without our written approval Any change to the floor plan will require an approved modified floor plan, which will need to be developed by you (we estimate you will pay an architect approximately $800 to prepare each modified floor plan)

Note 4 (Store Furnishings, Interior Signs, and Decorative Items) Before commencing operations, you must furnish your Koko FitClub according to our standards and specifications You must purchase branded fixtures from Koko FitClub, LLC, which will cost approximately $10,510 (including shipping) The estimate in the chart also includes the cost of decorative items, divider wall panels and frame, seating, wide-screen television, and interior and window signage, which you will purchase directly at an approximate cost of $10,052 You may also have to pay applicable sales taxes for these items

If you choose to finance any or all of your store fixtures and furnishings through a bank, third-party leasing company, or other finance source that you select, your initial expense will be considerably less, however, you will pay additional financing charges above the purchase cost over the term of your agreement with your lending source For the purposes of this estimate, we have assumed that you will be required to pay your lending source a 10% down payment towards the total cost of the furnishings Your actual costs may be higher or lower depending on the terms you negotiate with your lender

Note 5 (Financing) Although we do not provide financing, many of our franchisees have been able to obtain financing (often in the form of leases or bank loans) for their store furnishings, interior signs, and decorative items, and for their initial equipment, technology, and computer systems The low figures for Store Furnishings, Interior Signs, and Decorative Items and for Initial Equipment, Technology, and Computer Systems in the table above assumes that you will obtain financing for these items, requiring you to pay 10% down and finance the balance Although we have no affiliation with any leasing or finance companies, and cannot control the terms on which you may be able to obtain financing, our experience is that many of our franchisees have been able to obtain financing on this basis

We provide no assurance that you will be able to obtain financing on these (or any other) terms) If you choose to finance any or all of these expenses through a third-party leasing company, bank, or other finance source that you select, your initial expense for these items (that is, the down payment) may be higher than the amounts shown Additionally, you will pay additional financing charges above the purchase cost over the term of your agreement with your lending source

Note 6 (Supplies) This estimate includes the costs of purchasing basic cleaning supplies and tools, and paper products that you will use at your Koko FitClub or Koko Xpress

Note 7 (Initial Equipment, Technology, and Computer Systems) This estimate includes the cost to purchase the computer hardware and software required by the Franchise Agreement ($1,500), and a POS/member management system ($400) You may also have to pay applicable sales taxes for these items See Item 11 for a description of the computer system

Koko FitClub The estimate also includes the cost to lease or purchase the recommended amount of fitness equipment for your Koko FitClub, which consists of six Koko

Smartrainers, five treadmills with KokoCardio electronics, four elliptical trainers with KokoCardio electronics, one SmartStation and spare electronics, and one Koko FitCheck body assessment system You will spend $128,208 to purchase this amount of proprietary Koko Smartrainer equipment, Koko cardio technology, and Koko FitCheck technology and station from us, including installation, and approximately $57,158 to purchase cardio machines with installation, and a FitCheck body assessment device, and two Dual Cable Cross exercise machines from approved vendors You may also have to pay applicable sales taxes for all of these items If you choose to purchase equipment in addition to our recommendations, you cots would increase

We estimate that, based on our recommended amount of fitness equipment, the practical capacity of your Koko FitClub would be approximately 360 members However, the actual capacity of your Koko FitClub will be influenced by your club's location and your management of member flow

Xpress The estimate also includes the cost to lease or purchase the recommended amount of fitness equipment for your Xpress, which consists of five Koko Smartrainers, three treadmills with KokoCardio electronics, two elliptical trainers with KokoCardio electronics, one SmartStation and spare electronics, and one Koko FitCheck body assessment system You will spend $99,370 to purchase this amount of proprietary Koko Smartrainer equipment, Koko cardio technology, and Koko FitCheck technology and station from us, including installation, and approximately $32,609 to purchase cardio machines with installation, and a FitCheck body assessment device, and a Dual Cable Cross exercise machines from approved vendors You may also have to pay applicable sales taxes for all of these items If you choose to purchase equipment in addition to our recommendations, you cots would increase

We estimate that, based on our recommended amount of fitness equipment, the practical capacity of your Koko Xpress would be approximately 300 members However, the actual capacity of your Koko Xpress will be influenced by your club's location and your management of member flow

Additionally, we have included in this estimate the cost of a Mood Media player ($199) and an optional electronic door access and video surveillance system (estimated at $3,992, including installation), 150 door access key fobs, and various miscellaneous costs (wipes, dispenser, cabinet, etc , totaling $1,200) This total does not include the service charge for Mood Media of approximately $25 monthly, the 3rd party member management/billing platform fees, or monthly security services fees of approximately $100 each You may also have to pay freight costs and applicable sales taxes for these items

Note 8 (Initial Inventory of Koko Keys) Before opening your Koko FitClub, you must purchase from our approved fulfillment source (currently TR Miller), an initial inventory of Koko Keys that you will sell to your members for use with the fitness equipment at your Koko FitClub The estimate in the chart above includes the cost of 200 Koko Keys You may also have to pay applicable sales taxes for the Koko Keys You will need to purchase additional Koko Keys from the approved fulfillment source as needed based upon your membership levels

Note 9 (Initial Inventory of Member Starter Kits) Before opening your Koko FitClub, you must purchase from our approved vendor an initial inventory of "Member Starter Kits" that you will sell to your members as a purchase requirement upon joining your Koko FitClub The Member Starter Kit consists of a branded zippered pouch, door access key fob, headphones for Koko Cardio, and Koko FitClub Member Playbook The estimate in the chart above includes the cost of 200 of these listed items You may also have to pay applicable sales taxes for these items You

will need to purchase additional Member Starter Kits as needed based upon your membership levels *Note* before you deliver a Member Starter Kits to a new member, you must add a Koko Key and door access key fob, each of which is purchased separately by you as noted above

Note 10 (Signage) The estimates in the chart reflect the cost of the exterior signage required under Koko's standards and specifications You may also have to pay applicable sales taxes for the signage The cost of signs may be lower, depending on the size and location of your Koko FitClub, the particular requirements of the landlord, local and state ordinances, and zoning requirements

Note 11 (Travel Expenses While Training) The figure for training in the chart includes moderately priced lodging accommodations, food costs, and travel expense for two persons attending Koko's Owner Orientation and FitCoach Academy at our Corporate Training Center in Massachusetts or at another location that we designate These estimated costs will vary according to the living accommodations, travel arrangements and dining facilities used

Note 12 (CPR Training) Before opening your Koko FitClub, you and your employees who will work at the Koko FitClub must attend and successfully complete a course in cardiopulmonary resuscitation The estimate in the chart above includes the cost for 1-2 people to attend a CPR course offered by a local vendor The estimate also includes the cost of a required heart defibrillator ($1,345), a steel wall cabinet for the defibrillator ($215), and a wall sign ($18) You may also have to pay applicable sales taxes for these items

Note 13 (Initial Launch Marketing and Advertising) The primary factors for attracting members to join your Koko FitClub are the visibility of your club's location, the level and continuity of marketing investment both online through paid and social channels, and offline that is made in the brand launch to create awareness and drive interest in Koko, how well you and your staff actively engage with the community and create local word-of-mouth awareness of your club, and referrals from your existing Koko FitClub members based on a successful delivery of an exceptional member experience by your staff Given the importance of a strong market introduction, you will be required to engage in marketing activities before your opening as well as during the launch phase of your club To build awareness and understanding of Koko FitClub in your market, you are required to develop a launch marketing plan that you must provide to us and have approved by us prior to your launch, and you must invest a minimum in marketing of $10,000 per club during your initial start-up phase, defined as the period preceding your opening through the first three months of commencing operations of your Koko FitClub

Note 14 (Prepaid Insurance Premiums) Before you commence operations of your Koko FitClub, you must purchase and maintain at your own expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including comprehensive general liability insurance, property and casualty insurance, business interruption insurance, EPLI (employment practices liability insurance) and statutory workers' compensation insurance We estimate the annual insurance premium to be $3,000 The cost of the business insurance coverage required by the Franchise Agreement will vary based on your location and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions This estimate does not include additional coverage requirements associated with high-risk areas (hurricane, tornado, flood, etc , or any additional coverage required by your landlord) We anticipate that you will be required to pay your insurance carrier or agent a full annual premium in advance You must provide us with proof of insurance coverages prior to commencing operations

Note 15 (Permits, Licenses, Club Layout/Initial Architectural Plans) The figures in the chart include the estimated cost of building and zoning permits, and business operating licenses The cost of obtaining these permits and licenses will vary according to local standards and regulations You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses, building and zoning permits, and related types of expenses in your local area or municipality Also included in this category are the costs of preparing basic building plans or drawings to modify the club's layout to accommodate your site's unique space requirements These will be required for our site approval process and may also be required in your municipality's permitting Some locations and local municipalities may require you to develop more detailed architectural plans Those costs are not included in this estimate and often can be negotiated with the landlord of the premises It is important that you ask your local building inspector as to the specific requirements in your municipality or area

Note 16 (Prepaid Utilities / Expenses) Your landlord or local utility company may require that you prepay your utilities for a certain period in the form of a security deposit The estimate in the chart includes the cost of utilities for 1 month

Note 17 (Legal and Accounting Services) You may wish to have an attorney, accountant or tax advisor assist in your review of this document and the Franchise Agreement This estimate includes the cost for these services but not the cost of incorporating the Franchisee or creating any other legal entity Your actual cost may vary depending on your geographic location, the services you request and the attorney, accountant or tax advisor that you hire This estimate does not include the cost for any ongoing legal, accounting or tax services that you may require or utilize during the operation of your Koko FitClub

Note 18 (Additional Funds) The franchise disclosure laws require us to include an estimate of all costs and expenses to operate your Koko FitClub during the "initial phase" of the business, which current law defines as at least three months or a reasonable period for the industry We are not aware of any established longer "reasonable period" for the gym industry, so our disclosures cover a 3-month period

The additional funds that we estimate you may need will vary considerably from one franchisee to the next based on a variety of factors, including the size of your gym, the number of employees you choose to hire, and the salary and other benefits you choose to pay, the extent you will be actively involved in operations, your skill, experience, business acumen, and credit-rating, local competition, local economic conditions, including rent and wage scales, the cost of supplies, and the number of members that join your Koko FitClub during its first three months of operation

The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations We cannot estimate your cash flow from operations and encourage you to visit operating Koko FitClub gyms to evaluate this on your own You should not assume that cash flow from operations after the first three months will necessarily be sufficient to pay all operating expenses We do not project your break-even point or when you might reach it, you must investigate and make your own calculations

We anticipate you will use the Additional Funds to defray miscellaneous and incidental operating costs like expenses to train opening employees on-site, local business licensing fees, payroll expenses, bank charges, initial cost for employee uniforms, miscellaneous out-of-pocket costs, postage, office supplies, and other initial expenses The estimate of Additional Funds *includes* base rent and utilities for the first three months of operation, and other miscellaneous

expenses, but *excludes* payment of Royalty and Common Marketing Services (each of which depends on the amount of Gross Collections you receive during the first three months) and the Smartraining Software Services Fee (which depends on the number of unique Registered Koko Smartraining system users you have each month) Payroll expenses included in the estimate of Additional Funds cover all operating employees, but do not include any allowance for a draw or salary to you, although we assume that you will work full-time at your Koko FitClub

Koko estimates that for a period of 3 months after the opening of your Koko FitClub, you will need $32,000 in additional funds We cannot guarantee that you will not have additional expenses during or beyond that period

We relied upon the historical experience of the Koko FitClub owned by us and by KFI, and on the experience of our franchisees, in formulating the estimates throughout this Item 7

Item 8 Restrictions on Sources of Products and Services

Required Purchases and Approved Suppliers

All equipment and products used, sold, or offered for sale at the Koko FitClub must meet our then-current standards and specifications, as established in our Operating Standards in the Tools & Forums section of our Web site or otherwise in writing You must purchase all proprietary Koko Smartrainer equipment from us, and you must purchase the Koko Keys, KokoCardio electronics and screens, Koko FitCheck station and screen, and branded fixtures from us or our approved suppliers The only USB keys that are authorized for use on the Koko System are the patented Koko Keys, currently sold at a cost of $19 95 each We and TR Miller are currently the only approved suppliers for Koko Keys You must purchase all cardio and other fitness equipment solely from suppliers that we designate, which may include us or our affiliate You may also be required to pay for services, such as video surveillance and participation in a club-wide television network, from us, our affiliate, or from approved suppliers In addition, you must purchase all products, supplies, materials, and other items used or offered for sale at the Koko FitClub solely from us, our affiliate, or from approved suppliers We have unfettered discretion in the approval and rejection of all products and equipment used and sold by franchisees, and in the approval and rejection of suppliers of such products and equipment None of our officers owns an interest in any approved supplier, other than us

You must (1) use, sell or offer for sale only such equipment, products and services as we have expressly approved in writing, (2) use, sell or offer for sale all types of equipment, products and services we specify, (3) refrain from any deviation from our standards and specifications without our prior written consent, and (4) discontinue using, selling and offering for sale any equipment, products or services which we may, in our discretion, disapprove in writing at any time We reserve the right to add additional authorized equipment, products and services that you must purchase, use, sell or offer for sale in your Koko FitClub Required or authorized equipment, goods and services, and designated or approved suppliers of goods, services, equipment, materials and supplies are set forth in our Operating Standards or otherwise in writing from time to

time We may periodically modify the requirements as we determine and any such modifications may obligate you to invest additional capital in the Koko FitClub and/or incur higher operating costs The Franchise Agreement does not limit our right to make changes in the types of authorized goods and services

You must purchase or lease a computer system and required software that meet our specifications for use in connection with the Koko FitClub The computer system and required software must be purchased or leased from suppliers we approve

Approval of Alternative Suppliers

If you wish to purchase or lease products or equipment from a party other than an approved supplier, you must submit a completed Vendor Approval Request Form to us, together with information that we may reasonably require, in order to be considered for approval 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 or made available for evaluation and testing either to us or to an independent testing facility that we designate You must pay a charge not to exceed the reasonable cost of the evaluation and testing We will use our best efforts, within 30 days after our receipt of the request and completion of all evaluation and testing (if required), to notify you in writing of our approval or disapproval of the proposed supplier You may not sell or offer for sale any products of the proposed supplier until you receive our written approval of the proposed supplier We are not required to make available to you or prospective suppliers, our standards and specifications

We may from time to time revoke our approval of particular products or suppliers when we determine that such products or suppliers are no longer approved for use in the System Upon receipt of written notice of revocation, you must cease to sell any and all disapproved products and cease to purchase from any disapproved supplier

Required purchases and leases will represent approximately 90% to 95% of your overall purchases in establishing your business, and 90% to 95% of your overall purchases in operating your business

Insurance

Before you begin operations of your Koko FitClub, you must purchase at your own expense the insurance coverage required by the Franchise Agreement, then maintain that insurance at all times during the term of the Franchise Agreement The required insurance includes per occurrence (minimum of $1M), comprehensive general aggregate liability insurance (minimum of $2M), property and casualty insurance, business interruption insurance, EPLI (employment practices liability insurance) and statutory workers' compensation insurance, as well as insurance against damage caused by hurricanes, earthquakes, flood and the like, in areas prone to those conditions You are responsible for determining other necessary coverage requirements unique to your geography or landlord requirements All policies must be written by a responsible carrier or carriers acceptable to us, and must name us and our subsidiaries and affiliates

as additional insureds (using "Grantor of Franchise" Form CG2029 or an insurer's comparable form)

Revenue from Franchisee Purchases and Leases

We derive revenue or other material consideration based on franchisees' required purchases and leases of various products and equipment from us and other approved suppliers In our fiscal year ending March 31, 2017, we had revenues of $1,068,851 from sale and lease of required products and equipment to our franchisees by us or our approved suppliers, which represented approximately 29% of our total revenues of $3,678,582

We have the right to enter into advertising and sponsorship agreements with third parties, and we may receive and retain compensation and other benefits from such third parties and from designated suppliers based on franchisee purchases

Cooperatives

As of the date of this disclosure document, we do not have any purchasing or distribution cooperatives

Negotiated Prices

We negotiate purchase arrangements with approved suppliers, including the price terms, for the benefit of franchisees

Material Benefits

We do not provide any material benefits to you if you buy from sources we approve However, a franchisee that does not use such sources will be in breach of the Franchise Agreement

Item 9 Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Section 1	Sections 1, 3, and 5	Item 11
b Pre-opening purchases/leases	Section 7 6	Section 3 3	Items 6, 7 and 8
c Site development and other pre-opening requirements	Section 5	Sections 1, 3, and 5	Items 7 and 11

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
d Initial and ongoing training	Section 6	Not applicable	Items 7 and 11
e Opening	Section 5	Exhibit B	Item 11
f Fees	Sections 4 and 12	Section 2	Items 5, 6 and 7
g Compliance with standards and policies/Operating Manual	Sections 7 3 and 9	Section 6	Items 8 and 11
h Trademarks and proprietary information	Section 8	Section 1 3	Items 13 and 14
i Restrictions on products/services offered	Section 7	Not applicable	Items 8 and 16
j Warranty and customer service requirements	Section 21 2	Section 13 3	Not applicable
k Territorial development and sales quota	Not applicable	Sections 1, 3, and 5	Item 12
l Ongoing product/service purchases	Section 7 6	Not applicable	Item 8
m Maintenance, appearance and remodeling requirements	Section 7 9	Not applicable	Item 11
n Insurance	Section 13	Not applicable	Items 6 and 7
o Advertising	Section 12	Not applicable	Items 6, 7 and 11
p Indemnification	Section 20 3	Section 13	Item 6
q Owner's participation/management/staffing	Sections 7 10 and 17 1	Section 9 1	Items 11 and 15
r Records and reports	Section 11	Not applicable	Item 6
s Inspections and audits	Section 11	Not applicable	Items 6 and 11
t Transfer	Section 14	Section 7	Item 17
u Renewal	Section 2 2	Not applicable	Item 17
v Post-termination obligations	Sections 16 and 17	Sections 8 5 and 9 3	Item 17
w Non-competition covenants	Section 17	Section 9	Item 17
x Dispute resolution	Section 26	Section 17	Item 17

Item 10 Financing

Neither we nor any agent or affiliate offers direct or indirect financing to you, or guarantees any note, lease, or obligation of yours

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 Assistance – Franchise Agreement

1 We will make available, at no charge to you, our standard Koko Build Book with specifications for a prototypical Koko FitClub, including exterior and interior design and layout, fixtures, furnishings and signs (Franchise Agreement, Section 3 1),

2 If the location for your Koko FitClub is not approved upon your execution of the Franchise Agreement, we will provide the following services to you, as we deem advisable (a) site selection guidelines and consultation, (b) on-site evaluations (at your expense), and (c) assistance with lease negotiations (Site Selection Addendum, Section 4),

3 We will provide Initial Training for first-time owners which includes 3 days of Owner Orientation to you and 5 days of FitCoach Academy (Operations) training to you and your designated manager as described in this Item 11 (Franchise Agreement, Section 3 2), on occasion FitCoach Academy (Operations) training may be shortened at the discretion of Koko,

4 At your request, we may provide additional on-site, pre-opening and/or opening supervision and assistance, provided that you must reimburse us for our costs, including travel, lodging, meals, and wages of employees providing the service being requested (Franchise Agreement, Section 3 3),

5 We will make available to you advertising and promotional materials which you may purchase and distribute at your own expense (Franchise Agreement, Section 3 4),

6 We will provide you with access to our confidential online Owner Management System (currently called "Tools & Forums") which is subject to change by us in our sole discretion, which includes information on product, real estate and build out, marketing, and financial/business support, in addition to detailed information on the Opening Process, brand standards, best practices, and training (Franchise Agreement, Section 3 5),

7 We will review photographs of your Koko FitClub and permits that you send to us to determine whether your Koko FitClub complies with our standards and specifications and to certify that your Koko FitClub is prepared to receive and install the Koko Smartrainer equipment (Franchise Agreement, Section 3 6), and

8 We will provide you with a list of equipment and merchandise for the Koko FitClub that you must purchase from us or from an approved supplier (Franchise Agreement, Section 3 7)

Site Selection – Franchise Agreement

We do not typically obtain a location for your Koko FitClub for lease to you You must obtain a site for your Koko FitClub, at your expense, within 120 days after signing the Franchise Agreement The location of the Koko FitClub is subject to our approval We will provide you with such site selection guidelines and consultation assistance as we deem advisable The site selection process generally takes approximately 60 to 90 days Failure to obtain a site of which we approve within 120 days after signing the Franchise Agreement will constitute a default under the Franchise Agreement and is grounds for termination Factors that we consider in deciding whether or not to approve a location include the population density surrounding the proposed location, the cost of bringing the site into compliance with our standards and specifications, your financial capability to maintain the Koko FitClub at the particular location, public access to the Koko FitClub, availability and ease of parking, the location's public appeal and image, the general desirability of having a Koko FitClub at the location, and the proximity of other Koko FitClubs and Koko Xpress and fitness facilities (Franchise Agreement, Sections 1 2 and 5 4, Site Selection Addendum, Sections 1-4)

Pre-Opening Assistance – Area Development Agreement

We are not required to provide any assistance to you under the Area Development Agreement before you open your Koko FitClub(s)

Post-Opening Assistance – Franchise Agreement

During the operation of your Koko FitClub, we are required under the Franchise Agreement to perform the following services

1 From time to time, we will provide to you advice and written materials about new products, technology, services, inventory, sales methods, new developments and improvements in the Franchised Business layout and design, and marketing techniques (Franchise Agreement, Section 3 8),

2 We will make available to you advertising and promotional materials which you may use and duplicate at your expense (Franchise Agreement, Section 3 4),

3 We will conduct, on the schedule that we deem advisable, inspections of your Koko FitClub (Franchise Agreement, Section 3 6),

4 We will organize and provide additional courses, seminars and other training programs for franchisees, on the schedule that we deem advisable (Franchise Agreement, Section 3 2),

5 We will maintain and manage the personalized data for members to your Koko FitClub and make the information available to members through a proprietary website that we own and control We will have the right to contact the members of your

Koko FitClub for any purpose, including to assess member satisfaction through surveys and to evaluate your management and operation of the Koko FitClub (Franchise Agreement, Section 3 10),

6 We will administer the Common Marketing Services Fee, as described in this Item 11 (Franchise Agreement, Section 12 2), and

7 We have the right, but not the obligation, to suspend you from the System and to assume management of your Koko FitClub (or to appoint a third party to assume its management) for any period of time we deem appropriate if (1) you abandon or fail actively to operate the Koko FitClub, or (2) you fail to comply with any provision of the Franchise Agreement or any of our standards and specifications and you do not cure the failure within the time period prescribed in our notice to you (Franchise Agreement, Section 3 12)

Post-Opening Assistance – Area Development Agreement

Under the Area Development Agreement, Koko FitClub is not obligated to furnish any assistance to you after you open your Koko FitClub

Typical Length of Time Between Signing the Franchise Agreement and Opening Your Koko FitClub

We estimate the length of time between the signing of the Franchise Agreement and commencing operation of the Koko FitClub will be 6 to 8 months Factors that may affect the time period for opening include the time necessary to find a suitable location and to obtain a lease, credit conditions, weather conditions, zoning and local ordinances, and the time required to procure and install the equipment Your ability to purchase or lease equipment, and purchase services, materials or supplies, may affect this time period You will have a maximum of 120 days (4 months) to sign a lease for a location approved by us, and a maximum of 120 days (4 months) from the time of that approval to the opening of your Koko FitClub, unless we specify that a longer period of time is required between the lease or acquisition of the location and the opening of the Koko FitClub In no case, shall the time period from the signing of the Franchise Agreement to the commencement of operations of your Koko FitClub exceed 10 months If you fail to meet any of these deadlines, we will have the right to terminate your Franchise Agreement

Once you lease or acquire an approved location, we will provide you with an opening date and schedule for construction, installation of equipment and furnishings, training, and other deadlines for the opening of the Koko FitClub ("Opening Schedule") within 10 business days The opening date will typically be 3 to 5 months from the time that we finalize the Opening Schedule Additionally, you will be required post-installation to successfully fulfill the requirements for a 14-Day "Final Mile" process before being authorized by us to officially open Successfully completing all requirements over this 14 day period is essential to ensure FitCoach Koko FitClub Certifications are completed, all systems are fully tested with the required number of workout sessions per unit logged, and all requirements have been met (AED/CPR

certifications, proof of insurance documents on file, etc), all to ensure your club is properly prepared to accept members If you fail to comply with the Opening Schedule and Final Mile requirements, we will have the right to terminate the Franchise Agreement

Advertising

Common Marketing You must pay us 2% of your Gross Collections as a Common Marketing Services Fee We may allocate the Common Marketing Services Fee as we determine Allocations may include, for example, a National Web site, local microsites, Social Media Sites, the creation and support of marketing tools to be used locally, and other activities that support the Koko FitClub brand and image We will have sole discretion to direct all advertising, marketing, and promotional programs, and we will have sole discretion over all aspects of these programs, including concepts, materials, and media used in the programs, and the placement and allocation of the advertising Koko FitClubs and Koko Xpresses owned by us or an affiliate will not be required to pay a Common Marketing Services Fee or to pay the Common Marketing Services Fee at the same rate as our franchised Koko FitClubs

We will not be obligated, in administering the Common Marketing Services Fee, to make expenditures for you which are equivalent or proportionate to your contribution, to make expenditures in your geographical area, or to ensure that you benefit directly or on a pro rata basis from expenditures or activities of the Common Marketing Services Fee

The Common Marketing Services Fee, all contributions to it, and any earnings from it, will be used to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs associated with production of Franchisor's owner's meetings, the costs of preparing and conducting radio, television, print, and Internet-based advertising campaigns, developing, maintaining, and updating the National website, direct mail advertising, marketing surveys, employing advertising and/or public relations agencies to assist therein, purchasing promotional items, purchasing point-of-purchase materials, and providing promotional and other marketing materials and services to the businesses operating under the System The Common Marketing Services Fee may also be used to provide reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us We do not use any of the Common Marketing Services Fee for the primary purpose of soliciting new franchise sales Media coverage will be national, regional, or local in scope as we determine in our sole discretion

In our last fiscal year, ended March 31, 2017, the Common Marketing Services Fee was expended as follows 10 8% on production, 7 4% on media placement and 81 8% on administrative expenses

All Common Marketing Services Fees paid by franchisees will be accounted for separately from the other monies and will not be used to defray any of our expenses, except for reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of marketing programs for franchisees and the System, including, costs and salaries of personnel who create and implement advertising, promotional and marketing programs The Common Marketing Services Fee and any of its earnings do not otherwise inure to the benefit of Franchisor We will not prepare an annual statement of monies collected and costs associated with the Common Marketing Services Fee

We maintain the right to terminate the Common Marketing Services Fee However, all monies from the Common Marketing Services Fee will be expended for advertising and/or promotional purposes or returned to its contributors on the basis of their respective contributions less the costs and expenses incurred by us to process and distribute the funds (Franchise Agreement, Section 12 2)

Local Marketing, Advertising and Promotion We may require you to spend part of your Advertising Contribution on local marketing, advertising, and promotion in such manner as we may direct in the Operating Standards on Tools & Forums or otherwise in writing We will make available to you advertising and promotional materials which you may use and duplicate at your expense We may require you to display certain advertising, promotional materials, and other displays in your Koko FitClub, and to play such music, television, and other media as we specify We may enter into advertising and sponsorship agreements with third parties, and we may receive and retain compensation and other benefits from such third parties (Franchise Agreement, Sections 3 9, 12 3)

You must submit to us samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you desire to use and that have not been prepared or previously approved by us within the preceding 3 months for our prior approval You may not use any plans or materials until they have been approved in writing by us If written notice of disapproval is not received by you within 15 days of the date of receipt by us of such samples or materials, we will be deemed to have approved them (Franchise Agreement, Section 12 5)

Advertising Cooperatives We do not sponsor, or require you to participate in, any local or regional advertising cooperatives

Web Sites We will establish and maintain a Web site ("**Web site**") that will allow prospects to learn about Koko FitClub and Koko Xpress and allow members to access and review their individual data Our Web site may also promote the Proprietary Marks and/or the System and/or the Koko FitClubs and Koko Xpresses operating under the System We will have the sole right to control all aspects of our Web site and any other Web sites or social media sites relating to the System, including their design, content, functionality, links to other Web sites, legal notices, and policies and terms of usage

You may establish and maintain a Social Media Site in connection with your Koko FitClub or Koko Xpress provided that you adhere to our guidelines for Social Media Sites as specified on Tools & Forums, or otherwise in writing For this purpose, a "**Social Media Site**" is any account, page, or other presence on a social or business networking media site such as Facebook, Twitter, Google+, LinkedIn, and on-line blogs and forums Except as we approve in advance in writing, you may not establish or maintain a separate Web site in connection with your Koko FitClub If we grant approval, you must establish and operate your Web site in accordance with our standards and policies provided to you in our Operating Standards on Tools & Forums or otherwise in writing (Franchise Agreement, Section 12 4)

Advisory Council Currently we do not have an Advisory Council, but we reserve the right to create an Advisory Council and to require you to become a member of and participate actively in an Advisory Council ("**Council**") We will, in our sole discretion, determine the boundaries of the Council and how the members are selected The purposes of the Council will include exchanging ideas and problem-solving methods, advising Koko on expenditures for system-wide advertising, and coordinating franchisee efforts The Council will be advisory only and will not have operational or decision-making power If we form a Council, we reserve the right to change or dissolve the Council (Franchise Agreement, Section 12 6)

Computer Systems

We have the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, and hardware ("Computer System") (Franchise Agreement, Section 7 18) We also have the right, but not the obligation, to develop or have developed for us, or to designate computer software programs that you must use in connection with the computer system and customer relationship management system ("CRM") which you must install at your expense ("Required Software") (Franchise Agreement, Section 7 18) You are currently required to use and pay the cost of a member management system and point-of-sale system provided by ASF Payment Solutions

At our request, you must purchase or lease, maintain, and upgrade, the Computer System and, if applicable, the required software We estimate that the Computer System and required software will cost between $2,000 and $4,000 A CRM System may cost up to $250 monthly We have the right at any time to retrieve, access, and use such data and information from your Computer System or Required Software that we deem necessary or desirable There are no contractual limitations on the frequency and cost of your obligation to upgrade or update any hardware component or software program during the term of the franchise, and your cost to do so will vary depending on your equipment and market area

Operation Standards

The table of contents of our Operating Standards is attached as Exhibit E to this disclosure document There are approximately 847 screen pages in the Operating Standards

Training Program

Before your first Koko FitClub or Koko Xpress opens, you (or if you are a corporation, partnership or limited liability company, all of your owners approved by us), whom we have approved, must attend and successfully complete, to our satisfaction, our 3-day Owner Orientation program which occurs typically 30-60 days after your initial agreement signing Additionally, you and your designated manager(s), must attend and successfully complete Koko FitCoach Academy, a 5 day training program which typically occurs 30-60 days before your club opening date On occasion FitCoach Academy may be shortened at Koko's discretion At our option, your subsequent managers or your employees may be required to attend FitCoach Academy Both Owner Orientation and FitCoach Academy will be held at our Corporate Training Center in Rockland, Massachusetts, or at another location that we designate If you own and operate at least one existing Koko FitClub or Koko Xpress, you will be required to fulfill one or both of these training requirements if the date of your first training was more than 12 months ago Regardless, new managers may be required to attend FitCoach Academy, at our option You may be required to attend additional training from time-to-time at your expense

Currently, we conduct training on an as-needed basis All training is provided under the supervision of Nick Konarski, our Chief of Operations and Michael Wood, our Chief Fitness Officer Mr Konarski serves as Chief of Operations, a new created position, since January 2016 Mr Wood has served as our Chief Fitness Officer since April 2008 He was Chief Fitness Officer of Koko Fitness, Inc from June 2005 through April 2008 and is a Certified Strength and Conditioning Specialist (CSCS)

Access to training materials will be provided to you at the appropriate time during the on-boarding process Training materials consist of on-line materials and training guides distributed during training sessions, staff training videos, online equipment service videos and ongoing training information available on Tools & Forums Attendees may be required to complete prerequisite coursework or readings before attending any training The training program includes instruction as outlined in the chart below

You (or if you are a corporation, partnership or limited liability company, all of your owners approved by us) and your employees, or who we may designate, must attend and participate in additional courses, seminars and other training programs as we may reasonably require from time to time, including any national franchise owners' meeting We will furnish the training above to you (or one of your managing shareholders, members, or partners) and your designated manager at no additional fee or other charge We reserve the right to require you to pay the then-current training fee

communicated in writing in connection with attention additional courses, seminars and training programs You are responsible for any and all other expenses incurred by you or your employees in connection with attending all training programs, including, the costs of transportation, lodging, meals, and wages

These training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your business

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Smartrainer Exercise System	8	6	Rockland, Massachusetts and/or a corporate and/or Franchisee Location
Membership Sales	8	6	Rockland, Massachusetts and Corporate and /or Franchisee Location
Member Experience/Hospitality	5	8	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
FitClub Operations	6	10	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
Equipment Service	5	4	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
Real Estate and Construction Process Overview	2	0	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
Finance and Administration	3	0	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
Business Relationship and Management Tools	5	6	Rockland, Massachusetts and/or a corporate and /or Franchisee Location
Total	**42 (6 days)**	**40 (1 week)**	

Item 12 Territory

You will be granted a territory (the "**Territory**") in which to operate your franchise as described in this Item 12 Your Territory will be defined as a specific geographic area identified using a map once your site has been approved You will operate your Koko FitClub or Koko Xpress from a specific location that we must approve (the "**Approved Location**"), and you must receive our permission before relocating Most franchisees will receive a Territory that encompasses a population of up to 15,000 individuals or an area measured by a 3 mile radius from the Approved Location, whichever is smaller

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 However, we will not establish or operate, or license another person to establish or operate, another Koko FitClub or Koko Xpress under the System and the Proprietary Marks within your Territory

You are not restricted from soliciting business outside of the Territory, nor are other franchisees restricted from soliciting business in your Territory

There are no circumstances under which your Territory may be altered during the initial term of your Franchise Agreement, but we have the right to redefine and reduce your Territory upon renewal of the Franchise Agreement

We retain the following rights outside of your Territory during the term of the Franchise Agreement (a) to establish and operate, and license others to establish and operate, a Koko FitClub or Koko Xpress under the System and the Proprietary Marks, regardless of its proximity to your Territory or the Approved Location, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or indirectly, any Products and Services from any location, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services to individuals for at-home use and to other purchasers and businesses, including but not limited to hotels, office buildings, and other fitness clubs, and (e) to acquire, merge with, or otherwise affiliate with, and own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by you under the System and Proprietary Marks

We retain the following rights within your Territory during the term of the Franchise Agreement (a) to sell to, solicit, or direct advertising or promotional materials to customers located in your Territory, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks at any location, other than a business that uses the Smartrainer with Koko Key customization technology, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or

indirectly, any Products and Services, other than the Smartrainer with Koko Key customization technology, from any location other than a Koko FitClub or Koko Xpress, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to individuals for at-home use, (e) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to other purchasers and businesses, including but not limited to hotels, office buildings, and other fitness clubs, and (f) to acquire, merge with, or otherwise affiliate with, and own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by you under the System and Proprietary Marks, other than a business that uses the Proprietary Marks and the Smartrainer with Koko Key customization technology

If you sign an Area Development Agreement, you will be assigned a geographic area ("Development Area") within which you must develop Koko FitClubs or Koko Xpress under a development schedule (the "Development Schedule") Each Koko FitClub or Koko Xpress developed under the Area Development Agreement must be located in the Development Area The Development Area and the Development Schedule will be identified in an exhibit to the Area Development Agreement

Except as described below, the Area Development Agreement prohibits Koko FitClub from establishing or operating, or licensing anyone other than you to establish or operate, a Koko FitClub or Koko Xpress under the System and Proprietary Marks in the Development Area during the term of the Area Development Agreement, so long as you have retained the rights to develop that territory exclusively by fulfilling the terms of the Development Schedule, defined in Exhibit B of your Area Development Agreement We retain the following rights outside of your Development Area during the term of the Area Development Agreement (a) to establish and operate, and license others to establish and operate, a Koko FitClub or Koko Xpress under the System and the Proprietary Marks, regardless of its proximity to your Development Area, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, any Products and Services from any location, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services to individuals for at-home use and to other purchasers and businesses, including but not limited to hotels, office buildings, and other health or fitness clubs, (e) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by you under the System and Proprietary Marks

We retain the following rights within the Development Area during the term of the Development Agreement (a) to sell to, solicit, or direct advertising or promotional materials to customers located in your Development Area, (b) to establish and operate,

and license others to establish and operate, any business of any kind under different proprietary marks at any location, other than a business that uses the Smartrainer with Koko Key customization technology, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, any Products and Services, other than the Smartrainer with Koko Key customization technology, from any location other than a Koko FitClub or Koko Xpress, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to individuals for at-home use, (e) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to other purchasers and businesses, including but not limited to hotels, office buildings, and other health or fitness clubs, and (f) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by you under the System and Proprietary Marks, other than a business that uses the Proprietary Marks and the Smartrainer with Koko Key customization technology

Unless sooner terminated in accordance with the terms of the Area Development Agreement, the Area Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when you have open and in operation all of the Koko FitClubs or Koko Xpress required by the Development Schedule We may establish or license someone other than you to establish a Koko FitClub or Koko Xpress in the Development Area after your completion of the Development Schedule, subject to the territorial protection provided under the Franchise Agreements you sign during the term of the Area Development Agreement, as described in this Item, above The territorial protection under the Area Development Agreement does not depend upon the achievement of a certain sales volume, market penetration, or any other contingency, and there are no circumstances under which the Development Area may be altered before the date on which the term of the Area Development Agreement expires If you are more than 30 days behind any deadline established by the Development Schedule for executing franchise agreements your exclusive territory protection will automatically terminate If you are more than 1 year behind any deadline established by the Development Schedule for commencing operations of the Koko FitClubs or Koko Xpress your exclusive territory protection will automatically terminate

As of the date of this disclosure document, we have not used other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within your Territory using the Proprietary Marks or marks other than the Proprietary Marks, however, we reserve the right to do so We do not plan on operating or franchising a business under a different trademark that sells or will sell goods or services similar to what you will offer

We retain the right to sell to, solicit, or direct advertising or promotional materials to customers located in your Territory We are not required to pay you any

compensation for soliciting or accepting orders within your Territory You are not restricted from soliciting or accepting orders from customers outside your Territory

You do not receive the option, right of first refusal or similar right to acquire additional franchises in your area Under the Franchise Agreement, the continuation of territorial exclusivity does not depend on you achieving a certain sales volume, market penetration, or other contingency, and there are no circumstances under which we can unilaterally modify the Territory

We will not sell the Smartrainer with Koko Key customization to entities or individuals that may be located within your Territory during the term of your Franchise Agreement You also do not have the right to use channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to sell products within or outside your Territory

Item 13 Trademarks

The Area Development Agreement does not grant you any right to use or license others to use the Proprietary Marks

Under the Franchise Agreement, we will license you the right to use the Proprietary Marks The principal Proprietary Marks include "Koko" and "Koko FitClub "

Michael Lannon, a shareholder in KFI (our parent company) owns the registrations for the following Proprietary Marks which are registered on the Principal Register of the U S Patent and Trademark Office ("PTO")

MARK	REGISTRATION NUMBER	DATE OF REGISTRATION
Koko	3,124,089	August 1, 2006
Koko	3,410,086	April 8, 2008
Smartrainer	3,174,563	November 21, 2006
SmartStation	3,204,305	January 30, 2007
Kokoman design	3,530,887	April 10, 2008
Kokoman design	3,530,890	April 10, 2008
KoKo FitClub	4,517,378	April 22, 2014

Mr Lannon has granted an exclusive license to us to use and sublicense the Proprietary Marks Except for the license agreement ("License Agreement") between Mr Lannon and us, there are no agreements currently in effect which significantly limit

our right to use or license the use of the Proprietary Marks which are in any manner material to the franchise The term of the License Agreement is indefinite Either Mr Lannon or we can terminate the License Agreement and the rights granted under the License Agreement, with or without cause by providing 30 days before written notice to the other party If the License Agreement is terminated, Mr Lannon will assume all of our rights and obligations relating to the Proprietary Marks under any effective franchise agreement

All required affidavits pertaining to these registrations have been filed We do not know of any superior priority rights or infringing uses that could materially affect your use of the principal trademarks in this or any other state We are not aware of any presently effective material determinations of the PTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks which may be relevant to their use in any state

You must follow our requirements when you use the Proprietary Marks You must use only the Proprietary Marks which we designate and may use them only in the manner we authorize You may use the Proprietary Marks only in connection with operating your Koko FitClub at the Approved Location, or in advertising for the business conducted at or from the Approved Location

Under the Franchise Agreement, you must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to the ownership of or our right to use and to license others to use, or your right to use, the Proprietary Marks We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such administrative proceeding or litigation 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, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of such defense, including the cost of any judgment or settlement If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of such defense, including the cost of any judgment or settlement In the event of any litigation relating to your use of the Proprietary Marks, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket costs in doing such acts

We reserve the rights to modify, add to, discontinue use of the Proprietary Marks or to substitute different Proprietary Marks for use in identifying the System and

the businesses operating under the System if our current Proprietary Marks can no longer be used, whether as a result of a proceeding, settlement of for any other reason, or if we determine that substitution of different Proprietary Marks will be beneficial to the System You must comply with any such substitution at your sole cost and expense

Item 14 Patents, Copyrights and Proprietary Information

Patents

We have the right to use, and license you to use, the following patents that are material to the franchise

Title	Number	Issuance Date	Type	Duration (Expiration Date)	Description
Exercising apparatus	D590,898	4/21/2009	Design	4/21/2023	Ornamental design for an exercising apparatus (Smartrainer)
Sleeve and coupler for electronic device	7,568,942	8/4/2009	Mechanical	2/7/2028	Sleeve for engaging an electronic device (Koko Key)
Sleeve for electronic device	D602,494	10/20/2009	Design	10/20/2023	Ornamental design for a sleeve for an electronic device (Koko Key)
Exercising apparatus	7,771,319	8/10/2010	Mechanical	4/7/2026	Fitness equipment used by Koko FitClub members (Smartrainer)
Process and apparatus for exercising an operator	7,794,359	9/14/2010	Process	4/7/2026	Process for enabling Koko FitClub members to exercise on an exercise device (Smartrainer)
Exercising Apparatus	8,105,207	1/31/2012	Process	9/29/2026	Process for enabling modification of exercise instructions based on performance
Process And Apparatus For Exercising An Operator	8,105,209	1/31/2012	Process	5/10/2025	Koko box (Smartrainer)
Controlling Exercise Equipment	8,167,776	5/1/2012	Design	2/28/2030	Cardio machine – combining segments from workout programs
Exercising Apparatus	8,197,389	6/12/2012	Mechanical	5/10/2025	Arm for mounting of display on exercise device (Smartrainer)
Exercising Apparatus	8,574,129	11/15/2013	Design	5/16/2025	Design for an exercising apparatus (Smartrainer)

Title	Number	Issuance Date	Type	Duration (Expiration Date)	Description
Exercising Apparatus	8,585,556	11/19/2013	Design	5/10/2025	Design for an exercising apparatus (Smartrainer)
Controlling Exercise Equipment	9,050,487	6/9/2015	Process	4/27/2031	Cardio Flow – With USB Memory Device
Exercising Apparatus	9,233,269	1/12/2016	Design	7/15/2025	Design for an exercising apparatus (Smartrainer)
Process for Cardio Exercise	9,440,113	9/13/2016	Process	10/1/2034	Cardio-Based Exercise System with Visual Feedback
Exercising Apparatus	9,480,878	11/1/2016	Design	5/10/2025	Design for an Exercising Apparatus (Smartrainer)
Exercising Apparatus	9,525,928	12/20/2016	Process	10/1/2034	Cardio Exercise Machine
Exercising Apparatus	9,604,102	3/28/2017	Design	5/10/2025	Design for Exercising Apparatus (Smartrainer)

Our right to use and sub-license others to use the above patents is based on a license agreement dated April 2008 between us and Mike Lannon, our Director and co-founder, who owns the patents

On September 3, 2013, Erik B Cherdak ("Cherdak") filed suit against us in the Eastern District of Virginia, alleging that we infringed one patent and two copyrights owned by Cherdak, namely U S Patent No 8,118,709 (the "'709 Patent") and Copyrights Nos TX0007689404 and TX0007597120 (the "Copyrights-in-Suit") The '709 Patent is directed at a system and apparatus for communicating and processing data from exercise machines The Copyrights-in-Suit are directed at a computer program for the same We answered Cherdak's complaint on December 2, 2013, by denying all allegations of infringement and, *inter alia*, asserting an affirmative defense of invalidity of the '709 Patent On February 19, 2014, the case was transferred to the District of Massachusetts on a motion we had filed On June 19, 2015, the Court granted us leave to file an Amended Answer and Counterclaims, including declaratory judgment counterclaims for non-infringement and invalidity of the '709 Patent, and a counterclaim for tortious interference with business relations based on communications between Cherdak and certain owners of our franchises On October 27, 2015, the Company and Cherdak entered into a settlement agreement resolving the litigation The parties filed a Joint Stipulation of Dismissal With Prejudice on November 12, 2015, and the Court closed the case on the same date

Copyrights

We do not own or claim any rights in any registered copyrights, but we claim copyright protection for all training materials, advertising materials, and other materials that we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything contained in the opening and training process and on Tools & Forums

Confidential Owner Management System

To protect our reputation and goodwill and to maintain high standards of operation, you must operate your Koko FitClub or Koko Xpress in accordance with the standards, methods, policies, and procedures specified in our Operating Standards on Tools & Forums You must treat any materials or information published or shared, or any other materials created for or approved for use in the operation of your Koko FitClub or Koko Xpress, and the information contained therein, as confidential, and you must use all reasonable efforts to maintain the information as secret and confidential You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person All information will remain our sole property We may revise the requirements of our Operating Standards on Tools & Forums, and you must comply with each new or changed standard

Confidential Information

You must not, during the term of the Franchise Agreement or after the term, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement You may divulge confidential information only to those of your employees as must have access to it to operate the Franchised Business Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential must be deemed confidential for purposes of the Franchise Agreement

At our request, you must require your manager and any employees having access to any of our confidential information to sign non-competition covenants (attached as Exhibit C to the Franchise Agreement) that they will maintain the confidentiality of information they receive in connection with their employment by you at your Koko FitClub or Koko Xpress

Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

Under the Franchise Agreement, you (or if you are a corporation, partnership or limited liability corporation, at least one of your principals) or your manager, who we have approved and who has successfully completed the training programs, must take an

active role in the operation of your Koko FitClub You are not required to supervise your Koko FitClub through "on-premises" supervision, but all of your on premise employees must successfully complete our Initial Training Program or be trained by you, or by your manager who has successfully completed the Initial Training Program, on-premises at your Koko FitClub All owners, managers and FitCoaches, must successfully complete Koko FitCoach certification requirements Only Certified FitCoaches may work unsupervised in a Koko FitClub We do not require that the on-premises supervisor or employee have an equity interest the franchisee

We require that you have at least one Certified FitCoach on premises at your Koko FitClub a minimum of 75 hours per week to sell memberships, greet and assist members At your option and at any time, you may choose to have staff on premise at your club for additional hours over the minimum required, especially during the start-up phase of your Koko FitClub, or during specific periods of the year

Under the Area Development Agreement, you (or if you are a corporation, partnership or limited liability corporation, at least one of your principals) or your manager must devote full time, energy, and best efforts to the management of the business, including the establishment and operation of the Koko FitClubs developed under the Area Development Agreement

You must obtain and furnish to us signed non-competition and confidentiality covenants (attached as Exhibit C to the Franchise Agreement) from your manager and other employees having access to our confidential information

If you are a corporation, partnership or limited liability corporation, all of your principals must sign a Guarantee, Indemnification, and Acknowledgment in the form attached to the Franchise Agreement as Exhibit E, which requires your principals to personally guaranty the obligations of the Franchisee

Item 16 Restrictions on What the Franchisee May Sell

You must (1) use, sell or offer for sale only such equipment, products and services as we have expressly approved in writing, (2) use, sell or offer for sale all types of equipment, products and services we specify, (3) refrain from any deviation from our standards and specifications without our prior written consent, and (4) discontinue using, selling and offering for sale any equipment, products or services which we may, in our discretion, disapprove in writing at any time We reserve the right to add additional authorized equipment, products and services that you must purchase, use, sell or offer for sale in your Koko FitClub Required or authorized equipment, goods and services, and designated or approved suppliers of goods, services, equipment, materials and supplies are set forth in our Operating Standards, on Tools & Forums, or otherwise in writing from time to time We may periodically modify our Operating Standards requirements communicated through Tools & Forums or other written material, as we determine and any such modifications may obligate you to invest additional capital in the Koko FitClub and/or incur higher operating costs The Franchise Agreement does not limit our right to make changes in the types of authorized goods and services

Item 17 Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the franchise and related agreements You should read these provisions in the agreement attached to this disclosure document

Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
a	Length of the franchise term	Section 2 1	10 years
b	Renewal or extension of the term	Section 2 2	You have the right to renew the Franchise Agreement for 2 additional consecutive terms of 5 years each
c	Requirements for franchisee to renew or extend	Section 2 2	You must give written notice of your election to renew no fewer than 12 months before the end of the current term, renovate or modernize your Koko FitClub to our satisfaction, not be in default of any agreement between us or our affiliate and you, complied with such agreements during their terms, satisfied all monetary obligations owed to us and our affiliate, and met those obligations throughout the term of the Franchise Agreement, be current with obligations to your Landlord, have the right to remain in possession of the Premises, sign our then-current franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, sign a general release of us and our affiliate, comply with our then-current qualification and training requirements, and pay us a renewal fee equal to $13,000 or 33% of our then-current initial franchise fee at the time of renewal, whichever is greater
d	Termination by franchisee	Section 15	You may not terminate the Franchise Agreement except by operation of law
e	Termination by franchisor without cause	Section 15	We may not terminate the Franchise Agreement without cause

	Provision	Section in Franchise or Other Agreement	Summary
f	Termination by franchisor with cause	Section 15	We have the right to terminate the Franchise Agreement with cause Depending upon the reason for termination, we may not provide you an opportunity to cure See this Item 17(g) and (h) for further description
g	"Cause" defined – curable defaults	Section 15 3	You have 30 days to cure non-compliance with Franchise Agreement, non-submission of reports, failure to maintain prescribed specifications, standards or procedures, failure to obtain our required prior approval or consent, failure to locate a site or to open, failure to complete training, actions inconsistent with or contrary to your lease, using a mark that is confusingly similar to the Proprietary Mark, selling or offering unapproved or disapproved products, failure to comply with applicable law Termination is not our exclusive remedy You have 10 days to cure non-payment of monies
h	"Cause" defined – non-curable defaults	Sections 15 1 and 15 2	Non-curable defaults include insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings, final or unsatisfied judgments, abandonment, loss of premises, conviction of crimes, health or safety dangers, unapproved transfers, approved transfer not timely effected, failure to comply with covenant provisions, disclose confidential information, maintain false books or submit false reports, trademark misuse, refusal to permit inspections, failure to timely cure default, repeated defaults even if cured, default under another agreement with us that would give us the right to terminate the other agreement, except as otherwise agreed by the parties, repeated failures to achieve acceptable scores on member satisfaction surveys Termination is not our exclusive remedy

	Provision	Section in Franchise or Other Agreement	Summary
i	Franchisee's obligations on termination / non-renewal	Section 16	Obligations include cease operations of the Koko FitClub, cease use of confidential information and Proprietary Marks, cancellation of registrations, assignment of right to possess premises, de-identification of the premises, payment of amounts due to us, return of all training materials and other confidential materials, cease using any website or social media sits with a name similar to the Proprietary Marks, sale to us of equipment which we wish to purchase, comply with non-competition and confidentiality covenants, execute all agreements related to the termination of the Franchise Agreement, and others
j	Assignment of contract by franchisor	Section 14 1	We have the right to transfer or assign all or any part of our rights or obligations under the Franchise Agreement to any person or legal entity
k	"Transfer" by franchisee – defined	Section 14 2	You may not transfer any interest in the Franchise Agreement or Franchisee, or sell substantially all of the assets of the Franchised Business, without our prior written consent
l	Conditions of transfer by franchisee	Section 14 3	Any purported assignment or transfer, by operation of law or otherwise, not having our written consent required by the Franchise Agreement, will be null and void

	Provision	Section in Franchise or Other Agreement	Summary
m	Conditions for franchisor approval of transfer	Section 14 3	Conditions include you have satisfied your accrued monetary obligations and other obligations to us, you are not in default of any agreement between us and you, you sign a general release of us, you and transferee enter into a mutual release, transferee enters into a written assignment, assuming and agreeing to perform your obligations under the Franchise Agreement, and that you guarantee the performance of all such obligations, the transferee show to us that it meets our standards, as specified in the Franchise Agreement, the transferee sign our then-current form of franchise agreement, you remain liable for all of your obligations to us in connection with the Franchised Business which arose before the transfer, the transferee complete our training programs, the transferee pays a transfer fee to us equal to $19,500 or 50% of the then-current initial franchise fee at the time of transfer, whichever is greater, and you first offer to sell us the interest you propose to transfer (The transferee may elect to pay the then-current initial franchise fee to obtain a 10 year term under the new franchise agreement)
n	Franchisor's right of first refusal to acquire franchisee's business	Sections 13 2, 7 11, and 14 5	We have the right of first refusal to acquire any proposed transfer of interest If you breach the Franchise Agreement, we have the right to assume the management of the Koko FitClub and to charge you $500 per day plus costs and expenses
o	Franchisor's option to purchase franchisee's business		We do not have the right to purchase your business or the entire equity ownership of Franchisee, except under our right of first refusal
p	Death or disability of franchisee	Section 14 6	Upon the death or mental incapacity of any person with any interest in the Franchise Agreement, in you, or in substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative must transfer the deceased's interest to a third party approved by us within 6 months after his/her death Such transfers will be subject to the same conditions as any other transfer

	Provision	Section in Franchise or Other Agreement	Summary
q	Non-competition covenants during the term of the franchise	Section 17 2	You must not (a) divert or attempt to divert any business or customer to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, (b) employ or seek to employ any person who is at that time employed by us or by any other franchisee of us, or otherwise directly or indirectly induce such person to leave his or her employment, or (c) without our prior approval, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business that offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services sold by the Koko FitClub if any or all such products comprise 10% or more of the business's products
r	Non-competition covenants after the franchise is terminated or expires	Section 17 3	You must not, for a continuous uninterrupted period of 2 years following the transfer, termination or expiration of the Franchise Agreement own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any business that (a) offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services offered by the Koko FitClub or Koko Xpress under the System if any or all such products comprise ten percent (10%) or more of the business's products as measured by gross sales of the products sold by such business, and (b) is, or is intended to be, located at or within or intended to be, operated within (i) the Territory, (ii) 25 miles of the Approved Location, or (iii) 25 miles of the Location of other any other Koko FitClub or Koko Xpress
s	Modification of the Agreement	Section 24	The Franchise Agreement may only be modified by written agreement signed by both parties

	Provision	Section in Franchise or Other Agreement	Summary
t	Integration/ merger clauses	Section 24	Oral statements are not binding The Franchise Agreement and the System standards are the entire agreement Nothing in the Franchise Agreement is intended to disclaim our representations in this disclosure document Any representations or promises outside of the disclosure document and the Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 26	Except as otherwise provided, all disputes and claims relating to the Franchise Agreement must be settled by mediation and/or arbitration, administered by a mediation and arbitration provider selected by us, at the office or center of the mediation and arbitration provider that is nearest to our principal business address, in accordance with the rules and procedures of the provider and the Federal Arbitration Act
v	Choice of forum	Section 26 4	Except as otherwise provided, all disputes and claims relating to the Franchise Agreement must be arbitrated at the office of the arbitration provider selected by us or in the judicial district that is nearest to our principal business address, subject to applicable state law See Exhibit J of this disclosure document
w	Choice of law	Section 26 1	The Franchise Agreement will be interpreted and construed under the laws of Massachusetts, without reference to its conflict of laws principles and excluding, however, G L C 93A, subject to applicable state law The arbitration provision is also subject to the Federal Arbitration Act See Exhibit J of this disclosure document

Area Development Agreement

	Provision	Section in Area Development Agreement	Summary
a	Length of the franchise term	Section 4 1	The earlier of (1) the last date specified in the Development Schedule, or (2) the date when you have open and in operation all of the Koko FitClubs required by the Development Schedule

	Provision	Section in Area Development Agreement	Summary
b	Renewal or extension of the term	No provision	Not applicable
c	Requirements for franchisee to renew or extend	No provision	Not applicable
d	Termination by franchisee	Section 8	You may not terminate the Area Development Agreement except by operation of law
e	Termination by franchisor without cause	Section 8	We may not terminate the Area Development Agreement without cause
f	Termination by franchisor with cause	Section 8	We have the right to terminate the Area Development Agreement with cause Depending upon the reason for termination, we may not provide you an opportunity to cure See this Item 17(g) and (h) for further description
g	"Cause" defined – curable defaults	Not applicable	Not applicable
h	"Cause" defined – non-curable defaults	Sections 8 2, 8 3, and 8 4	Non-curable defaults include termination or repudiation of the Area Development Agreement, insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings, final or unsatisfied judgments, your non-compliance with Area Development Agreement, default under a Franchise Agreement with us that would give us the right to terminate that agreement, except as otherwise agreed by the parties, transfer or attempted transfer in violation of the Area Development Agreement, and others
i	Franchisee's obligations on termination / non-renewal	Section 8 5	Obligations include loss of rights granted under the Area Development Agreement, and others
j	Assignment of contract by franchisor	Section 7	We have the right to transfer or assign the Area Development Agreement to any person or legal entity

	Provision	Section in Area Development Agreement	Summary
k	"Transfer" by franchisee – defined	Section 7 2	You may not transfer any interest in the Area Development Agreement or Developer or sell substantially all of the assets of the Area Developer's business
l	Conditions of transfer by franchisee	Not applicable	Not applicable
m	Conditions for franchisor approval of transfer	Not applicable	Not applicable
n	Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o	Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p	Death or disability of franchisee	Section 7 5	Upon the death or mental incapacity of any person with any interest in Area Developer, the Area Development Agreement, or all or substantially all of the assets of Area Developer's business, an approved transfer must occur within 1 year
q	Non-competition covenants during the term of the franchise	Section 9 2	You must not (a) divert or attempt to divert any business or customer to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, or (b) without our prior approval, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business that offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services sold by the Koko FitClub if any or all such products comprise 10% or more of the business's products

	Provision	Section in Area Development Agreement	Summary
r	Non-competition covenants after the franchise is terminated or expires	Section 9 3	You must not, for a continuous uninterrupted period of 2 years following the transfer, termination or expiration of the Area Development Agreement own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any business that (a) offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services offered by the Koko FitClub under the System if any or all such products comprise ten percent (10%) or more of the business's products as measured by gross sales of the products sold by such business, and (b) is, or is intended to be, located within the Development Area
s	Modification of the Agreement	Section 16	The Area Development Agreement may only be modified by written agreement signed by both parties
t	Integration/ merger clauses	Section 16	Oral statements are not binding The Area Development Agreement is the entire agreement Nothing in the Area Development Agreement is intended to disclaim our representations in this disclosure document Any representations or promises outside of the disclosure document and the Area Development Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 17	Except as otherwise provided, all disputes and claims relating to the Area Development Agreement must be submitted to mediation, administered by a mediator provider selected by Koko Such mediation will take place at the office of the mediation provider that is nearest to our principal business address
v	Choice of forum	Section 17 3	Except as otherwise provided, all disputes and claims relating to the Area Development Agreement must be brought in the judicial district or circuit that is nearest to our principal business address, subject to applicable state law See Exhibit J of this disclosure document

	Provision	Section in Area Development Agreement	Summary
w	Choice of law	Section 17 1	The Area Development Agreement will be interpreted and construed under the laws of Massachusetts, without reference to its conflict of laws principles and excluding, however, G L C 93A, subject to applicable state law See Exhibit J of this disclosure document

Item 18 Public Figures

We currently do not use any public figure to promote our franchises

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

As noted in item 3 on the state cover page, in 2015 Koko FitClub, LLC made significant improvements to its service offering and operating procedures These improvements provide Koko members additional coaching services and have resulted in a significant increase to the average revenue generated per member for clubs that have implemented these improvements

In a survey done of 129 clubs in May 2013, 125 of which were franchisee-owned and four of which were company-owned, of which 122 clubs responded, including the four company-owned units, the average revenue per member for franchisee-owned clubs was $66 43, the average revenue per member for company-owned clubs was $89 00, and the average revenue per member system wide (franchisee-owned and company-owned combined) was $67 13 By comparison, six clubs opened on varying dates between January 1, 2015 and December 31, 2015, five clubs of which were selected to provide data based solely on their ability to accurately submit average revenue per member For those five clubs, all of which were franchisee-owned, the average revenue per member was $109 02 as of June 30, 2016, an increase of 62% Four additional franchisee-owned clubs opened on varying dates between January 1, 2016 and March 31, 2016, three clubs of which were selected to provide data based solely on their ability to accurately submit average revenue per member These clubs had an average revenue per member of $165 43 as of June 30, 2016, an increase of 146% versus the May 2013 average

During the last fiscal year of April 1, 2016 to March 31, 2017, seven Koko FitClub franchisee-owned clubs opened These clubs had an average revenue per member of $164 26 as of March 31, 2017

A total of seventeen clubs have opened since 2015 Fifteen of those seventeen total clubs, all of which are franchisee-owned, were selected to provide the data used in this disclosure based solely on their ability to accurately submit average revenue per member information

The chart below illustrates the average revenue per member for those clubs open as of May 2013, additionally it shows the average revenue per member as of June 30, 2016 for clubs that opened in 2015 and those clubs that have opened between January 1, 2016 and March 31, 2016 and the clubs that opened during the last fiscal year between April 1, 2016 and March 31, 2017 The data for 2015 and 2016 only includes those eight clubs that could accurately submit average revenue per member

	Clubs as of May 2013	Clubs opened in 2015	Clubs opened between January 1, 2016 and March 31, 2016	Clubs opened between March 31, 2016 and March 31, 2017
Average revenue/member/month	$67 13	$109 02	$165 43	$164 26

The characteristics of the fifteen clubs listed above are materially the same as those outlets being offered to franchisees, with the exception of the square footage and number of machines required for Koko vs Koko Xpress units, as outlined above

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

Written substantiation for the financial performance representation will be made available to prospective franchisees on reasonable request

A new franchisee's financial results are likely to differ from the results stated in the financial performance representation

Item 20

Outlets and Franchisee Information

Table 20 1
Systemwide Outlet Summary
For Years F2014 to F2016 (12 months beginning April 1 of each year)

Koko FitClub

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	F2014	0	0	0
	F2015	0	4	+4
	F2016	4	11	+7
Company-Owned Outlets	F2014	0	0	0
	F2015	0	0	0
	F2016	0	0	0
Total Outlets	**F2014**	**0**	**0**	**0**
	F2015	**0**	**4**	**+4**
	F2016	**4**	**11**	**+7**

Xpress

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	F2014	115	110	(5)
	F2015	110	90	(20)
	F2016	90	75	(15)
Company-Owned Outlets	F2014	4	3	(1)
	F2015	3	3	0
	F2016	3	3	0
Total Outlets	**F2014**	**119**	**113**	**(6)**
	F2015	**113**	**93**	**(20)**
	F2016	**93**	**78**	**(15)**

Table 20 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years F2014 to F2016 (12 months beginning April 1 of each year)

There were no transfers of full size Koko FitClub clubs during the last three fiscal years

Xpress

State	Year	Number of Transfers
Arizona	F2014	0
	F2015	1
	F2016	0

State	Year	Number of Transfers
California	F2014	0
	F2015	1
	F2016	0
Colorado	F2014	2
	F2015	1
	F2016	0
Connecticut	F2014	0
	F2015	0
	F2016	1
Florida	F2014	1
	F2015	0
	F2016	0
Idaho	F2014	0
	F2015	0
	F2016	0
Indiana	F2014	2
	F2015	0
	F2016	0
Louisiana	F2014	0
	F2015	1
	F2016	2
New Jersey	F2014	0
	F2015	0
	F2016	0
New Hampshire	F2014	1
	F2015	0
	F2016	0
New York	F2014	0
	F2015	0
	F2016	0
North Carolina	F2014	2
	F2015	1
	F2016	2
Tennessee	F2014	0
	F2015	1
	F2016	0
Texas	F2014	0
	F2015	3
	F2016	2
Utah	F2014	1
	F2015	1
	F2016	0
Washington	F2014	2

State	Year	Number of Transfers
	F2015	0
	F2016	0
Total	**F2014**	**11**
	F2015	**3**
	F2016	**7**

Table 20 3
Status of Franchised Outlets
For Years F2014 to F2016 (12 months beginning April 1 of each year)

Koko FitClub

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
Arizona	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016		0	0	0	0	0	0
California	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	2	0	0	0	0	2
Colorado	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Connecticut	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Florida	F2014	0	0	0	0	0	0	0
	F2015	0	2	0	0	0	0	2
	F2016	2	1	0	0	0	0	3
Idaho	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Illinois	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	1	0	0	0	0	1
Indiana	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Iowa	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Kentucky	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
	F2016	0	0	0	0	0	0	0
Louisiana	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Massachusetts	F2014	0	0	0	0	0	0	0
	F2015	0	1	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
Michigan	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Minnesota	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Mississippi	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Nebraska	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Nevada	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
New Hampshire	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
New Jersey	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
New York	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
North Carolina	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Ohio	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Oklahoma	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
Pennsylvania	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
South Carolina	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	2	0	0	0	0	2
South Dakota	F2014	0	0	0	0	0	0	0
	F2015	0	1	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
Tennessee	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Texas	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Utah	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Virginia	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Washington	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Alberta, Canada	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	1	0	0	0	0	1
Total	**F2014**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	F2015	**0**	**4**	**0**	**0**	**0**	**0**	**4**
	F2016	**4**	**7**	**0**	**0**	**0**	**0**	**11**

Xpress

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
Arizona	F2014	4	0	0	0	0	0	4
	F2015	4	0	0	0	0	4	0
	F2016	0	0	0	0	0	0	0
California	F2014	6	0	0	0	0	1	5

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
	F2015	5	0	0	0	0	3	2
	F2016	2	0	0	0	0	1	1
Colorado	F2014	5	1	0	0	0	0	6
	F2015	6	2	0	0	0	0	8
	F2016	8	0	0	0	0	1	7
Connecticut	F2014	3	0	0	0	0	1	2
	F2015	2	0	0	0	0	0	2
	F2016	2	0	0	0	0	0	2
Florida	F2014	1	1	0	0	0	0	2
	F2015	2	1	0	0	0	0	3
	F2016	3	0	0	0	0	0	3
Idaho	F2014	4	0	0	0	0	0	4
	F2015	4	0	0	0	0	2	2
	F2016	2	0	0	0	0	1	1
Indiana	F2014	3	0	0	0	0	1	2
	F2015	2	0	0	0	0	0	2
	F2016	2	0	0	0	0	0	2
Iowa	F2014	2	0	0	0	0	0	2
	F2015	2	0	0	0	0	1	1
	F2016	1	0	0	0	0	0	1
Kentucky	F2014	2	0	0	0	0	1	1
	F2015	1	0	0	0	0	1	0
	F2016	0	0	0	0	0	0	0
Louisiana	F2014	4	0	0	0	0	0	4
	F2015	4	0	0	0	0	0	4
	F2016	4	0	0	0	0	1	3
Massachusetts	F2014	22	0	0	0	0	0	22
	F2015	22	0	0	0	0	3	19
	F2016	19	0	0	0	0	3	16
Michigan	F2014	0	1	0	0	0	0	1
	F2015	1	1	0	0	0	0	2
	F2016	2	0	0	0	0	0	2
Minnesota	F2014	3	0	0	0	0	0	3
	F2015	3	0	0	0	0	0	3
	F2016	3	0	0	0	0	0	3
Mississippi	F2014	0	0	0	0	0	0	0
	F2015	0	0	0	0	0	0	0
	F2016	0	0	0	0	0	0	0
Nebraska	F2014	1	0	0	0	0	0	1
	F2015	1	0	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
	F2016	0	0	0	0	0	0	0
Nevada	F2014	3	0	0	0	0	0	3
	F2015	3	0	0	0	0	1	2
	F2016	2	0	0	0	0	1	1
New Hampshire	F2014	1	0	0	0	0	0	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
New Jersey	F2014	7	0	0	0	0	1	6
	F2015	6	0	0	0	0	2	4
	F2016	4	0	0	0	0	1	3
New York	F2014	3	0	0	0	0	1	2
	F2015	2	0	0	0	0	1	1
	F2016	1	0	0	0	0	0	1
North Carolina	F2014	5	0	0	0	0	1	4
	F2015	4	0	0	0	0	0	4
	F2016	4	0	0	0	0	1	3
Ohio	F2014	2	0	0	0	0	1	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
Oklahoma	F2014	3	0	0	0	0	0	3
	F2015	3	0	0	0	0	1	2
	F2016	2	0	0	0	0	1	1
Pennsylvania	F2014	1	0	0	0	0	0	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
South Dakota	F2014	1	0	0	0	0	0	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
Tennessee	F2014	5	0	0	0	0	0	5
	F2015	5	0	0	0	0	2	3
	F2016	3	0	0	0	0	0	3
Texas	F2014	19	2	0	0	0	1	20
	F2015	20	1	0	0	0	2	19
	F2016	19	1	0	0	0	4	16
Utah	F2014	1	0	0	0	0	0	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	0	1
Virginia	F2014	2	0	0	0	0	1	1
	F2015	1	0	0	0	0	0	1
	F2016	1	0	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
Washington	F2014	2	0	0	0	0	0	2
	F2015	2	0	0	0	0	0	2
	F2016	2	0	0	0	0	0	2
Total	**F2014**	**115**	**5**	**0**	**0**	**0**	**10**	**110**
	F2015	**110**	**5**	**0**	**0**	**0**	**24**	**90**
	F2015	**90**	**1**	**0**	**0**	**0**	**16**	**75**

Table 20 4
Status of Company-Owned Outlets
For Years F2014 to F2016 (12 months beginning April 1 of each year)

All Company-Owned outlets are Xpress

Xpress

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Massachusetts	F2014	0	0	0	0	0	0
	F2015	0	0	0	0	0	0
	F2016	0	0	0	0	0	0
Virginia	F2014	4	0	0	1	0	3
	F2015	3	0	0	0	0	3
	F2016	3	0	0	0	0	3
Total	**F2014**	**4**	**0**	**0**	**1**	**0**	**3**
	F2015	**3**	**0**	**0**	**0**	**0**	**3**
	F2016	**3**	**0**	**0**	**0**	**0**	**3**

Table 20 5
Projected Openings as of March 30, 2017

Koko FitClub

All of the figures in the table below refer to Koko FitClub outlets (as opposed to Xpress outlets)

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Arizona	0	0	0
California	0	1	0
Colorado	0	0	0
Connecticut	0	0	0

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Florida	0	0	0
Idaho	0	0	0
Illinois	2	1	0
Indiana	0	0	0
Iowa	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Nebraska	0	0	0
New Hampshire	0	0	0
New Jersey	1	0	0
Nevada	0	0	0
New York	0	0	0
North Carolina	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Pennsylvania	0	0	0
South Carolina	0	0	0
South Dakota	0	1	0
Tennessee	0	0	0
Texas	1	0	0
Utah	0	0	0
Virginia	0	0	0
Washington	0	0	0
Canada	0	0	0
Total	**4**	**3**	**0**

Exhibit H of this disclosure document lists the names and locations of our current franchisees who have signed a franchise agreement with us as of March 31, 2017 Exhibit H also lists the one franchisee who had an outlet transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, during the previous fiscal year, or has not

communicated with us within 10 weeks of the issuance date of this disclosure document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business As of the date of this Disclosure Document, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document, and there are no franchisee organizations sponsored or endorsed by us

Item 21 Financial Statements

Attached as Exhibit F to this disclosure document are the following financial statements

• Audited financial statements for our fiscal years ending March 31, 2017, and March 31, 2016

• Audited financial statements for our fiscal years ending March 31, 2015, and March 31, 2014

Item 22 Contracts

A copy of the Franchise Agreement is attached as Exhibit C to this disclosure document A copy of the Area Development Agreement is attached as Exhibit D to this disclosure document

Item 23 Receipts

A receipt in duplicate is attached to this disclosure document as Exhibit J You should sign both copies of the receipt Keep one copy for your own records and return the other signed copy to us at 300 Ledgewood Place, Rockland, Massachusetts 02370

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS

CALIFORNIA

Department of Business Oversight
320 West 4th Street
Suite 750
Los Angeles, CA 90013
(866) 275-2677

FLORIDA

Florida Department of Agriculture & Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, FL 32399-0800
904-922-2770

HAWAII

State of Hawaii
Securities Compliance Branch
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
808-586-2722

ILLINOIS

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
217-782-4465

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, IN 46204
317-232-6681

KENTUCKY

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P O Box 2000
Frankfort, KY 40602
502-573-2200

MARYLAND

Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, MD 21202
410-576-6360

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
G Mennen Williams Building, 1st Floor
525 W Ottawa Street
Lansing, MI 48909
517-373-7117

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS

MINNESOTA

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

NEBRASKA

Department of Banking and Finance
1230 "O" Street, Suite 400
P O Box 95006
Lincoln, NE 68508
402-471-3445

NEW YORK

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
212-416-8236 Phone
212-416-6042 Fax

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard
State Capitol, Fifth Floor
Bismarck, ND 58505
701-328-4712

RHODE ISLAND

Director of Department of
Business Regulation
Division of Securities
Building 69-1
John O Pastore Complex
1511 Pontiac Avenue
Cranston, RI 02920
401-462-9500

SOUTH DAKOTA

Department Of Labor And Regulation
Division Of Securities
124 South Euclid, Suite 104
Pierre, SD 57501
605-773-4823

TEXAS

Statutory Documents Section
Secretary of State
P O Box 12887
Austin, TX 78711
512-475-1769

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, First Floor
Richmond, VA 23219
804-371-9051

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Rd S W
Tumwater, WA 98501
360-902-8700

WISCONSIN

Wisconsin Dept of Financial Institutions
Division of Securities, Suite 300
PO Box 1768
Madison, WI 53701-1064
608-266-1064

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EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

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

ILLINOIS
Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

KENTUCKY
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive

Frankfort, Kentucky 40602

MARYLAND
Maryland Securities Commissioner
200 St Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
525 W Ottawa St
G Mennen Williams Building
Lansing, Michigan 48909

MINNESOTA
Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101-3165

NEBRASKA
Department of Banking and Finance
1200 "O" Street, Suite 400
P O Box 95006
Lincoln, Nebraska 68509

NEW YORK
Attention New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
518-473-2492

NORTH DAKOTA
North Dakota Securities Commissioner
600 East Boulevard
State Capitol, Fifth Floor
Bismarck, North Dakota 58505

RHODE ISLAND
Director of Rhode Island
Department of Business Regulation
Rhode Island Attorney General
233 Richmond Street
Providence, RI 02903-4232

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
AGENTS FOR SERVICE OF PROCESS

SOUTH DAKOTA
Director of South Dakota
Division Of Securities
124 South Euclid, Suite 104
Pierre, SD 57501

TEXAS
Statutory Document Section
Secretary of State
P O Box 12887
Austin, Texas 78711

VIRGINIA
Clerk of the State Corporation
Commission
1st Floor
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Rd S W
Tumwater WA 98501

WISCONSIN
Wisconsin Commissioner of Securities
Division of Securities, Suite 300
PO Box 1768
Madison, Wisconsin 53701-1064

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EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

KOKO FITCLUB
FRANCHISE AGREEMENT

KOKO FITCLUB

FRANCHISE AGREEMENT

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EXHIBIT D – DISCLOSURE OF FRANCHISEE OWNERS

EXHIBIT E – GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

EXHIBIT F – CONSENT AND AGREEMENT OF LESSOR, CONDITIONAL ASSIGNMENT OF LEASE

EXHIBIT G – AUTHORIZATION AGREEMENT FOR ACH PAYMENTS (DIRECT DEPOSIT)

EXHIBIT H – KOKO XPRESS ADDENDUM

KOKO FITCLUB
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**"), made and entered into on _____ 201_, by and between Koko FitClub, LLC, a Delaware limited liability company with its principal place of business at 300 Ledgewood Place, Rockland, Massachusetts, 02370 ("**Franchisor**"), and _____ ("**Franchisee**"), a _____ (type of legal entity) _____ with its principal place of business at

_____

_____

RECITALS

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system relating to the establishment and operation of Koko FitClubs (the "**System**"), which feature and offer for sale to the public membership to a specialty health and fitness club with patented Koko Smartrainer and KokoCardio fitness equipment for use by members, personalized technology and software programs which develop individually customized exercise plans for Koko FitClub members, guide them through their daily workouts, and provide them with website tracking of their health and fitness activity, a Koko FitCheck body assessment system that measures each member's unique body composition and Koko Metabolic Rate, the data from which enables customized nutritional plans via Koko Fuel, various merchandizing relating to health and fitness, and other proprietary and non-proprietary products and services that Franchisor designates from time to time (the "**Products and Services**"), under the trade name "**KOKO FITCLUB**," all of which Franchisor may change from time to time,

WHEREAS, the distinguishing characteristics of the System include unique exercise equipment, technology, and health and fitness programs, including the Koko Smartrainer with Koko Key customization, Koko FitCheck, and Koko Fuel, distinctive exterior and interior designs and decor, uniform standards, specifications and procedures for operations, training and assistance, the Products and Services, and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time,

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including "Koko," "Koko FitClub," "Koko Fitness," "Smartrainer," "Koko Cardio," "Koko FitCheck," "Koko Fuel," and "Koko Key," as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (collectively, the "**Proprietary Marks**"),

WHEREAS, Franchisor continues to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance, and service,

WHEREAS, Franchisee desires to enter into the business of operating a Koko FitClub under Franchisor's System and Proprietary Marks, and wishes to enter into an agreement with

Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith, and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications

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

Item 24 GRANT

1 1 **Grant of Franchise** Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a Koko FitClub under the Proprietary Marks and the System (the "**Koko FitClub**" or "**Franchised Business**"), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor's sole discretion, solely in connection therewith and only at the location set forth in Section 1 2

1 2 **Approved Location** Franchisee will operate the Koko FitClub only at a location approved in writing by Franchisor (the "**Approved Location**") If, at the time of execution of this Agreement, a location for the Koko FitClub has not been obtained by Franchisee and approved by Franchisor, Franchisee will lease or acquire a location within 120 days after the date of this Agreement, subject to Franchisor's approval, as provided for in the Site Selection Addendum attached hereto as Exhibit A Franchisee may not relocate the Koko FitClub without the prior written approval of Franchisor Franchisor will have the right, in its sole discretion, to withhold approval of a proposed location Under no circumstances may Franchisee relocate the Koko FitClub to a location outside the Territory described in Section 1 3 Franchisee hereby acknowledges and agrees that Franchisor's approval of the site for the Koko FitClub does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the Koko FitClub's site, the Koko FitClub's profitability or success, or for any other purpose, or of its compliance with any applicable zoning or land-use regulations or ordinances and any federal, state, and local laws, codes, and regulations including the applicable provisions of the Americans with Disabilities Act (the "**ADA**") regarding the construction, design, and operation of the Koko FitClub Franchisee acknowledges and agrees that Franchisee, and not Franchisor, has the duty and obligation to locate and lease a site for the Koko FitClub, and that Franchisor's approval of a site is not a guarantee or warranty that an acceptable lease can be negotiated or executed

1 3 **Franchisee's Territory** Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor will not establish or operate, nor license any other person to establish or operate, a Koko FitClub under the System and the Proprietary Marks at any location within Franchisee's territory, which will be defined as the radius around the Approved Location that is either 3 miles or the distance that encompasses a population of 15,000 individuals, whichever is smaller ("**Territory**") The Territory will be defined by a map upon approval of a site for the Koko FitClub

1 3 1 Franchisor retains the following rights *outside* of the Territory, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein (a) to establish and operate, and license others to establish and operate, a Koko FitClub under the System and the Proprietary Marks, regardless of its proximity to the Territory or the Approved Location, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or indirectly, any Products and Services from any location, including sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services to individuals for at-home use and to other purchasers and businesses, including to hotels, office buildings, and other fitness clubs, and (e) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Franchisee under the System and Proprietary Marks

1 3 2 Franchisor retains the following rights *within* the Territory, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein (a) to sell to, solicit, or direct advertising or promotional materials to customers located in the Territory, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks at any location, other than a business that uses the Smartrainer with Koko Key customization technology, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license others to sell, distribute, or otherwise provide, directly or indirectly, any Products and Services, other than the Smartrainer with Koko Key customization technology, from any location other than a Koko FitClub, including sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to individuals for at-home use, (e) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to other purchasers and businesses, including to hotels, office buildings, and other fitness clubs, and (f) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Franchisee under the System and Proprietary Marks, other than a business that uses the Proprietary Marks and the Smartrainer with Koko Key customization technology

1 4 **Alternate Channels of Distribution** Franchisee will offer and sell Products and Services only from the Koko FitClub and only in accordance with the requirements of this Agreement and the procedures set forth in our Operating Standards on Tools & Forums (defined in Section 3 5), as described in Section 9 Franchisee may not offer or sell products or services through any other means or location, including those means and location described in Section 1 3 2 Franchisee will only offer or sell products to customers for their use and consumption and not for resale

1 5 **Supplementing the System** Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor, and

Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including modifying or upgrading the technology, software, and equipment used by Franchisee, and offering and selling new or different products, services, or merchandise as specified by Franchisor

Item 25 TERM AND RENEWAL

2 1 **Term** This Agreement will be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided, the "**Term**" of this Agreement will be ten years from the date of this Agreement, unless this Agreement is sooner terminated pursuant to its terms

2 2 **Renewal** Upon the expiration of the Term, Franchisee may, subject to the following conditions, renew this Agreement for two additional consecutive terms of five years each Franchisor may require, in its sole discretion, that any or all of the following conditions be met before renewal

2 2 1 Franchisee will give Franchisor written notice of Franchisee's election to renew no fewer than 12 months nor more than 18 months before the end of the then-current Term,

2 2 2 Franchisee will, at its own expense, make or provide for, in a manner satisfactory to Franchisor, the renovation, refurbishment, structural changes, and modernization of the premises of the Koko FitClub (the "**Premises**") that Franchisor reasonably requires, including installation of new equipment and renovation of signs, furnishings, fixtures, paint, and decor to reflect the then-current standards and image of the System,

2 2 3 Franchisee may not be in default of any provision of this Agreement, any amendment or successor to this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, and, in the reasonable judgment of Franchisor, Franchisee will have substantially complied with all the terms and conditions of those agreements during the terms thereof,

2 2 4 Franchisee will have satisfied all monetary obligations due and owed by Franchisee to Franchisor and its affiliates, and will have timely met those obligations throughout the Term,

2 2 5 Franchisee will be current with respect to its obligations to lessor, suppliers, and any others with whom Franchisee does business,

2 2 6 Franchisee will present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term or will obtain Franchisor's approval of a new location for the Koko FitClub for the duration of the renewal term,

2 2 7 Franchisee will, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for the renewal terms as are provided by this Agreement), which will supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including redefining and reducing

Franchisee's Territory and increasing Franchisee's required royalty fees, advertising contributions, and other fees, as determined by Franchisor, except that Franchisee will not be required to pay an initial franchise fee,

2 2 8 Franchisee will execute a general release, in a form prescribed by Franchisor, of any and all claims, known or unknown, that Franchisee might have against Franchisor or its affiliates, or their respective officers, directors, agents, or employees,

2 2 9 Franchisee will comply with Franchisor's then-current qualification and training requirements, and

2 2 10 Franchisee will pay Franchisor a renewal fee in an amount equal to $13,000 or one-third of Franchisor's then-current initial franchise fee at the time of renewal, whichever is greater

Item 26 DUTIES OF FRANCHISOR

3 1 **Plans and Specifications** Franchisor will make available, at no charge to Franchisee, its standard Koko Build Book with specifications for a prototypical Koko FitClub, including exterior and interior design and layout, fixtures, furnishings, and signs Franchisee acknowledges that those specifications may not comply with the requirements of any federal, state, or local law, code, or regulation (including those concerning the ADA or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor will those plans necessarily comply with the requirements for (and therefore may not be able to be used as) construction drawings or other documentation necessary to obtain permits or authorization to build a specific Koko FitClub, compliance with all of those laws and requirements will be Franchisee's responsibility and at Franchisee's expense Franchisee will, at Franchisee's own expense, use a licensed architect familiar with local regulations to adapt the standard specifications to Franchisee's Koko FitClub location, subject to Franchisor's approval, which will not be unreasonably withheld, provided that the plans and specifications conform to Franchisor's general criteria Franchisee understands and acknowledges that Franchisor has the right to modify the prototype architectural plans and specifications as Franchisor deems appropriate from time to time (however, Franchisor will not modify the prototype architectural plans and specifications for the Koko FitClub developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to Franchisee)

3 2 **Training** Franchisor will provide training as set forth in Section 6

3 3 **On-Site Assistance** At Franchisee's request, Franchisor may provide additional on-site, pre-opening and/or opening supervision and assistance, provided that Franchisee will pay for all costs, including lodging, meals, and wages for Franchisor to provide that additional assistance

3 4 **Advertising and Promotional Materials** Franchisor will make available to Franchisee advertising and promotional materials at Franchisee's expense as provided in Section 12

3 5 **Operating Standards on Owner Management System** Franchisor will provide Franchisee with access to Franchisor's Confidential Owner Management System (a password-

protected section of Franchisor's Web site), which is currently called "**Tools & Forums** " The Owner Management System contains, among other things, Franchisor's operating standards for Koko FitClubs ("**Operating Standards**") Both the name and the contents of the Owner Management System are subject to change by Franchisor in its sole discretion

3 6 **Inspections** Before Franchisee's receipt of equipment, Franchisor will review photographs and/or videos of Franchisee's Koko FitClub and any other information that Franchisor deems necessary If, in Franchisor's discretion, Franchisee is prepared to install the equipment, Franchisor will authorize the delivery of the equipment During the term of this Franchise Agreement, Franchisor may also conduct, as it deems advisable, inspections of the Premises and Franchisee's operation of the Koko FitClub either in person or by requiring Franchisee to take photographs and/or videos of Franchisee's Koko FitClub and provide Franchisor with the photographs, videos, and other information that Franchisor deems necessary

3 7 **Equipment** Franchisor will provide to Franchisee a list of initial equipment, merchandise, technology, and software for the Koko FitClub for purchase from a supplier designated by Franchisor, which supplier may be Franchisor or an affiliate of Franchisor

3 8 **Ongoing Advice** After the Franchised Business opens, Franchisor will provide to Franchisee from time to time, at the Franchisor's sole discretion and at the time(s) and in the manner determined by Franchisor, the advice, assistance, and written materials about new products, technology, services, inventory, sales methods, new developments and improvements in the Franchised Business layout and design, and marketing techniques, that Franchisor determines appropriate

3 9 **In-Club Advertising, Promotion, and Entertainment** Franchisor may require Franchisee to display specified advertising, promotional materials, and other displays in Franchisee's Koko FitClub, and to play the music, television, and other media that Franchisor specifies Franchisor may enter into agreements with third parties to advertise and promote their products and services at Koko FitClubs and may receive and retain compensation and other benefits from those third parties without sharing any of the revenue with Franchisee Franchisor may, in its discretion, develop a System-wide televised network, media network, or other means for displaying advertising and promotional materials or other media, and may require that Franchisee display the advertising and promotional materials or other media and, if applicable, participate in a System-wide televised or media network

3 10 **Registered Koko Smartraining System Data Management** Franchisor will own and manage the personalized information and data for each Registered Koko Smartraining System User of Franchisee's Koko FitClub Franchisor will provide each Koko Smartraining System User with access to the Smartrainer system with Koko Key customization and online access to the user's personalized information and data Franchisor may contact all Koko Smartraining System Users of Franchisee's Koko FitClub for any purpose, including to assess member satisfaction through surveys and to evaluate Franchisee's management and operation of the Koko FitClub

3 11 **Maintenance of Franchisee's Koko FitClub** If at any time in Franchisor's reasonable judgment, the general state of repair, appearance, or cleanliness of the Koko FitClub, including its fixtures, common areas, and equipment, does not meet Franchisor's standards and specifications, Franchisor has the right, but not the obligation, to notify Franchisee of the deficiencies and to specify the corrective action that Franchisee must take to remedy the deficiencies If Franchisee does not initiate corrective action within ten days after receiving notice from Franchisor and Franchisee does not make a good faith effort to remedy the deficiencies in a timely manner, Franchisor will have the right, but not the obligation, in addition to all other remedies, to enter Franchisee's Koko FitClub and to perform any required maintenance or refurbishing on Franchisee's behalf, and Franchisee will be responsible for any and all expenses incurred by Franchisor in connection with those actions

3 12 **Management of Franchisee's Koko FitClub** Franchisor has the right, but not the obligation, to suspend Franchisee and to assume management of Franchisee's Koko FitClub (or to appoint a third party to assume its management) for up to 90 days under the following conditions (1) Franchisee abandons or fails actively to operate the Koko FitClub, or (2) Franchisee fails to comply with any provision of this Agreement or any of Franchisor's standards and specifications and Franchisee does not cure the failure within the time period prescribed in Franchisor's notice to Franchisee Franchisor will make a reasonable effort to discuss the status of the Koko FitClub with Franchisee (or its successor) from time to time and may, in its reasonably discretion, extend its management of the Koko FitClub for additional 90 day periods up to a total of one year If Franchisor (or a third-party) assumes management of Franchisee's Koko FitClub pursuant to this Section 3 12, Franchisee agrees to pay Franchisor (in addition to the Royalty, Common Marketing Services Fee, charges for Smartraining Software Services, and other amounts due to Franchisor or its affiliates) $500 per day, plus the out-of-pocket costs and expenses of Franchisor (or the third-party) for up to 60 days after Franchisor (or the third-party) assumes management Franchisor reserves the right to change this amount from time to time to account for inflation and other factors If Franchisor (or a third-party) assumes management of the Koko FitClub, Franchisee acknowledges that Franchisor (or the third-party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Koko FitClub incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services Franchisee's Koko FitClub purchases while Franchisor (or the third-party) manages the Koko FitClub Nothing in this paragraph limits any of Franchisor's other rights or remedies available under this Agreement

3 13 **Performance by Designee** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any employee or agent of Franchisor, as Franchisor may direct

3 14 **Fulfilling Franchisor's 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 subsidiaries and affiliates) will have the right (a) to take into account, as it sees fit, the effect on, and the interests of, other businesses and systems in which Franchisor has an interest, on Franchisor's (and its subsidiaries' and affiliates') own activities, and on other franchisees in the System, (b) to share market and product research, and other

proprietary and non-proprietary business information, with other businesses and systems in which Franchisor (or its subsidiaries or affiliates) has an interest, or with Franchisor's subsidiaries or affiliates, (c) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor has an interest, so long as the items or operational equipment do not include the Smartrainer with Koko Key customization, and/or (d) to allocate resources and new developments between and among different businesses and systems, and/or Franchisor's subsidiaries or affiliates, as Franchisor sees fit

3 15 **Cessation of Franchisor Operations** If Franchisor, or any successor of Franchisor, ceases to operate as franchisor of the System for any reason, Franchisee will be automatically granted a royalty-free right to continue using the Smartrainer and Koko Key system, with continued online access in connection therewith, for the remainder of the term of this Agreement, provided, however, that Franchisee will no longer have any right to use the Proprietary Marks in connection with the systems Franchisee will receive no less than 120 days written notice if Franchisee's right to use the Proprietary Marks is terminated in accordance with this Section 3 15 The rights granted in this Section 3 15 will be subject to the order of any bankruptcy or other court

Item 27 FEES, CURRENCY, AND CURRENCY LEGAL RESTRICTIONS

4 1 **Initial Franchise Fee** Franchisee will pay to Franchisor, on execution of this Agreement, an initial franchise fee of $39,000 (the "**Initial Franchise Fee**"), which is fully earned and non-refundable in consideration of the proprietary rights to the System granted hereunder, the administrative and other expenses incurred by Franchisor in granting this franchise, and Franchisor's lost or deferred opportunity to enter into similar agreements with others

4 2 **Royalty** During the first year of this Agreement, Franchisee will pay to Franchisor a "**Royalty**" equal to 3% of Franchisee's "Gross Collections" (as defined in Section 4 5) During the second year of this Agreement (months 13 – 24), Franchisee will pay to Franchisor a Royalty equal to 3 5% of Franchisee's Gross Collections During the third year of this Agreement (months 25 – 36), Franchisee will pay to Franchisor a Royalty equal to four 4% of Franchisee's Gross Collections During the fourth year of this Agreement (months 37 – 48), Franchisee will pay to Franchisor a Royalty equal to 4 5% of Franchisee's Gross Collections Beginning in the fifth year (49th month) of this Agreement and continuing until the expiration of this Agreement, Franchisee will pay to Franchisor a Royalty equal to 5% of Franchisee's Gross Collections Franchisee's payment of Royalties shall be remitted to Franchisor via the System's designated member management system, or by such other method as Franchisor may direct The designated member management system currently is ASF Payment Solutions

4 3 **Common Marketing Services Fee** Franchisee will pay to Franchisor a "**Common Marketing Services Fee**" equal to 2% of Franchisee's Gross Collections, which will be used in accordance with Section 12 2 Franchisee's payment of the Common Marketing Services Fee shall be remitted to Franchisor via the System's designated member management system, or as directed by Franchisor The designated member management system currently is ASF Payment

Solutions Franchisee is also required to expend on advertising and promotion the other amounts required under Section 12

4 4 **Smartraining Software Services Fee** During each month of the Term, Franchisee will pay to Franchisor a "**Smartraining Software Services Fee**" based upon the number of unique Registered Koko Smartraining System Users at any time during the billing month It is solely Franchisee's responsibility to maintain an accurate status of each of Franchisee's Registered Smartraining System Users in the Koko Administrative System from which Koko will determine its monthly billing Franchisor reserves the right to modify this calculation at its sole discretion Franchisor will own and control all registered user data stored in its Koko Smartraining and Administrative System and will provide each registered user with online access to review and edit the registered user's data In addition, Franchisee and its staff will have access to review registered user data

During the first 12 months of this Agreement, the Smartraining Software Services Fee will be $8 00 per member per month During the second year of this Agreement (months 13 – 24), the Smartraining Software Services Fee will be $8 50 per member per month During the third year of this Agreement (months 25 – 36), the Smartraining Software Services Fee will be $9 00 per member per month During the fourth year of this Agreement (months 37 – 48), the Smartraining Software Services Fee will be $9 50 per member per month Beginning in the fifth year (49th month) of this Agreement and continuing until the expiration of this Agreement, the Smartraining Software Services Fee will be $10 00 per member per month

4 5 **Payments to Franchisor** All payments to Franchisor required by Sections 4 2 and 4 3 will be electronically deducted from Franchisee's Gross Collections by the System's designated member management system, or by another method designated by Franchisor, and remitted to Franchisor For the purpose of this Agreement, "**Gross Collections**" means all revenue that Franchisee derives from the sale of all memberships or from Products and Services, and all other income or consideration of every kind and nature received by the Franchisee, including any proceeds from business interruption insurance, less any sales taxes or other taxes that are collected by Franchisee from its members and that are thereafter paid directly to the appropriate taxing authority

All payments to Franchisor required by Section 4 4 will be made by electronic payment (through the automated clearing-house or "ACH" system) on the 10th day of each calendar month based on the amounts due from the preceding month If the 10th day falls on a weekend or bank holiday, the funds will be withdrawn the following business banking day If monies are not available for electronic payment on the due date, Franchisee will pay to Franchisor a $25 insufficient funds fee, which will be automatically withdrawn from Franchisee's account A second attempt will be made two business days after the due date, and, if funds are not available to pay the entire balance of Franchisee's account, Franchisee will pay to Franchisor an additional $50 insufficient funds fee A third attempt will be made seven business days after the due date, and, if funds are not available to pay the entire balance of Franchisee's account, Franchisee will pay to Franchisor an additional $100 insufficient funds fee, and Franchisee will pay the full amount owed to Franchisor by cashier's check no later than the 30th day of the month If Franchisee does not pay the full amount owed, including all

insufficient funds fees, by the 30th day of the month, Franchisee will pay to Franchisor $500 for that month and $500 for each subsequent month that Franchisee has any amount past due Entitlement to these late fees will be in addition to any other remedies Franchisor may have Franchisee may not set off any payments required to be made under this Section 4 against any monetary claim Franchisee may have against Franchisor However, Franchisor may set off any amounts that Franchisor is required to pay to Franchisee (under this Agreement or otherwise) against amounts that Franchisee or its owners owe to Franchisor

4 6 **Bank Account and Payment Processor** Franchisee will deposit all revenues from operation of the Koko FitClub into one bank account within two days of receipt, including cash, checks, credit card receipts, or the value of other forms of payment Franchisee will furnish to Franchisor, upon Franchisor's request, the name and address of the bank, the bank and account number, a voided check from the bank account, and written authorization for Franchisor to withdraw funds from the bank account via electronic funds transfer without further consent or authorization for all payments payable by Franchisee to Franchisor under this Agreement Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by Franchisor, including Exhibit G of this Agreement Franchisee agrees to pay all costs associated with any transfer If Franchisee changes banks or accounts for the bank account required by this Section 4 6, Franchisee will, before the change, provide the same information concerning the new account and an authorization to make withdrawals from that new account Franchisee's failure to provide the information concerning the bank account required by this Section 4 6 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method, will be a breach of this Agreement Franchisee acknowledges that Franchisor may access the activity of the payment processor used by Franchisee to process transactions and Franchisee agrees to take all steps necessary to grant Franchisor access to the information

Item 28 OPENING OF FRANCHISED BUSINESS

5 1 **Construction** Franchisee will renovate or construct, and equip the Koko FitClub at Franchisee's own expense Franchisor will provide Franchisee with standard specifications and a drawing of a standard floor plan of Koko FitClubs Franchisee may be required to provide modified plans to accommodate the unique space requirements of the site if the standard drawings do not apply to the unique space Before starting the buildout of the Premises, Franchisee must obtain Franchisor's prior written approval of Franchisee's plan for the Premises The plan for the Premises may not thereafter be changed or modified without the prior written approval of Franchisor The plan for the Premises includes, but is not limited to, the floor plan for Smartrainers or Cardio Equipment after opening, any change to the floor plan would require an approved modified floor plan, the floor plan would need to be developed at a cost to Franchisee of approximately $2,200 Franchisee or its contractor, at Franchisee's or its contractor's expense, must obtain the insurance described in Section 13 1 before commencement of construction of the Koko FitClub

5 2 **Permits** Franchisor's approval of plans submitted by Franchisee will be limited to conformance with Franchisor's standard image specifications and layout and will not relate to Franchisee's obligations with respect to any federal, state, or local laws, codes, or regulations

regarding the construction, design, and operation of the Koko FitClub, which will be Franchisee's sole responsibility Franchisee will be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, certifications, and clearances required for the lawful construction, renovation, and operation of the Koko FitClub, including certificates of occupancy and certificates of health, which may be required by federal, state, or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Premises or required by the lessor

5 3 **Commencement Criteria** Unless otherwise agreed upon in writing by Franchisor, Franchisee may not commence operation of the Koko FitClub until

5 3 1 Franchisee and all persons described in Section 6 have completed the Initial Training Programs required of franchisees to Franchisor's satisfaction,

5 3 2 Franchisee and all persons described in Section 6 are AED certified and have completed a Cardiopulmonary Resuscitation (CPR) course offered by a third-party and Franchisee has furnished to Franchisor documents evidencing completion of a CPR course as part of the Final Mile checklist,

5 3 3 All amounts due and owing to Franchisor under this Agreement or any other related agreements have been paid,

5 3 4 Franchisor has been furnished with copies of all outstanding documents and insurance policies required by this Agreement, or other evidence of insurance coverage and payment of premiums as Franchisor requests,

5 3 5 Franchisee has provided Franchisor with a copy of Franchisee's lease agreement for the Premises and Franchisor has reviewed and approved all conditions in Franchisee's lease agreement,

5 3 6 Franchisee has provided Franchisor with digital photographs of the Premises, and

5 3 7 Franchisor has verified that Franchisee has successfully satisfied all pre-opening requirements as detailed in the Final Mile checklist and given its approval to Franchisee for the Franchised Business to begin operations

5 4 **Opening Deadline** Franchisee will obtain Franchisor's written approval before first opening the Koko FitClub, which approval will not be unreasonably withheld Within 120 days after the date of this Agreement, Franchisee must lease or acquire a location that complies with Exhibit A Franchisee then must open the Koko FitClub within 120 days after the location is leased or acquired by Franchisee, except if Franchisor agrees that a longer period of time is required between the lease or acquisition of the location and the opening of the Koko FitClub The parties agree that time is of the essence in the opening of the Koko FitClub

5 5 **ADA Certification** Before opening the Koko FitClub, and after any renovation, as described in Section 5 1 above, Franchisee will execute and deliver to Franchisor an ADA Certification in the form attached to this Agreement as Exhibit B to certify to Franchisor that the Koko FitClub and any proposed renovations comply with the ADA

Item 29 TRAINING

6 1 **Initial Training Program** Before the opening of the Koko FitClub, the following individuals must attend and successfully complete (to Franchisor's satisfaction) the following portions of Franchisor's initial training program (the "**Initial Training Program**") (a) Franchisee (or, if Franchisee is a corporation, partnership, or limited liability company, all owners of Franchisee approved by Franchisor) must attend Owner Orientation, which takes place over three days usually within 30 to 60 days after the date of this Agreement, and (b) Franchisee and the designated manager(s) of Franchisee's Koko FitClub must attend Koko FitCoach Academy, which takes place over five days typically between 30 and 60 days before the opening of the Koko FitClub, on occasion FitCoach Academy may be shortened at the discretion of Koko

Franchisor may approve the persons who attend the Initial Training Program and may require additional persons to attend the Initial Training Program as Franchisor determines in its sole discretion At Franchisee's request, Franchisor may provide additional on-site, pre-opening and/or opening supervision and assistance in its sole discretion, provided that Franchisee reimburses Franchisor for its costs, including lodging, meals, and wages If Franchisee's designated manager fails to successfully complete the FitCoach Academy portion of the Initial Training Program, Franchisee must immediately replace the individual and have the replacement immediately attend the Initial Franchise Program at Franchisee's expense

If Franchisee owns and operates at least one existing Koko FitClub, Franchisee's and Franchisor's obligations under this Section 6 1 will be waived, however, Franchisor reserves the right to require attendance at its discretion at Franchisee's expense

This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of the Franchised Business

6 2 **Employees and Subsequent Managers** At Franchisor's option, subsequent managers of Franchisee's Koko FitClub will attend the Koko FitCoach Academy, and Franchisee will be required to pay the then-current initial training fee designated in writing by Franchisor and any and all other expenses incurred by those managers, including the costs of transportation, lodging, meals, and wages In addition, all of Franchisee's on-premise employees must successfully complete the Koko FitCoach Certification Program and be properly trained by either Franchisee, a principal of Franchisee, or a manager who has successfully completed the Initial Training Program Only Certified Koko FitCoaches are allowed to staff the club unsupervised All costs and expenses of training on premise employees will be borne by Franchisee

6 3 **Additional Programs** Franchisee (or, if Franchisee is a corporation, partnership, or limited liability company, all owners of Franchisee approved by Franchisor) and any of Franchisee's managers and employees who Franchisor designates must attend and participate in all additional courses, seminars, and other training programs that Franchisor reasonably requires from time to time, including attending Franchisor's franchise owners meeting, "Koko Jam," which every owner must attend whenever hosted, typically annually Franchisee and all employees of Franchisee must complete a CPR course conducted by a qualified third-party

vendor and become AED Certified and must provide Franchisor with evidence of completion of those course for FitCoach Certification

6 4 **Training Location and Fees and Expenses** The Initial Training Program and all other training programs required by this Agreement will be conducted at the times and places designated by Franchisor Franchisor will furnish the Initial Training Program to the two individuals required to attend the Initial Training Program under Section 6 1 at no additional fee or other charge Franchisor reserves the right to require Franchisee to pay the then-current training fee designated by Franchisor in connection with attending additional training programs described in Section 6 3 Franchisee will be responsible for any and all other expenses incurred by Franchisee or Franchisee's employees in connection with attending the programs, including the costs of transportation, lodging, meals, and wages

Item 30 DUTIES OF FRANCHISEE

7 1 **Operating Standards** Franchisee understands and acknowledges that every detail of the System and the Franchised Business is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all franchised businesses operating under the System, to protect and enhance Franchisor's reputation and goodwill, to promote and protect the value of the Proprietary Marks, and other reasons

7 2 **Koko FitClub Operations** Franchisee may use the Premises solely for the operation of the business franchised hereunder, will keep the Koko FitClub open and in normal operation for the minimum hours and days as Franchisor may specify in Franchisor's Operating Standards on Tools & Forums or otherwise directs from time to time, will 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, and will operate the Koko FitClub in strict conformity with the methods, standards, and specifications as Franchisor may from time to time prescribe in Franchisor's Operating Standards on Tools & Forums or otherwise in writing Franchisee will refrain from deviating from those standards, specifications, and procedures without Franchisor's prior written consent

7 3 **Adherence to Standards and Specifications** To ensure that the highest degree of quality and service is maintained, Franchisee will operate the Koko FitClub in strict conformity with the methods, standards, and specifications that Franchisor prescribes from time to time in Franchisor's Operating Standards or otherwise in writing Franchisee agrees

7 3 1 To purchase and maintain in sufficient quantity, as Franchisor may prescribe in Franchisor's Operating Standards or otherwise in writing, and to use at all times, only the products, equipment, technology, software, Koko Keys and other items purchased from a supplier or suppliers designated or approved by Franchisor that conform to Franchisor's written standards and specifications, and other products, equipment, supplies, fixtures, furnishings, signs, services, and other items that conform with Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent

7 3 2 To sell or offer for sale only the products, merchandise, and services that have been expressly approved for sale in writing by Franchisor, to sell or offer for sale all types of products, merchandise, and services specified by Franchisor (including health and fitness programs, equipment, and Koko Keys), to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent, and to discontinue selling and offering for sale any products, merchandise, or services which Franchisor may, in its discretion, disapprove in writing at any time

7 3 3 To purchase all products from Franchisor or suppliers that Franchisor approves and designates in Franchisor's Operating Standards or otherwise in writing from time to time, and to be current on all payment obligations relating to the Koko FitClub

7 3 4 To comply, in the operation of the Franchised Business, with the standards, specifications, and procedures prescribed by Franchisor, including all procedures and requirements related to maintaining and upgrading the fitness equipment, technology, and software programs (including member management software) and specific service delivery methodologies to be consistent with corporate standards and best practices as required by Franchisor No equipment will be repaired or modified except as approved by Franchisor

7 3 5 To refrain from selling or advertising any of the Products and Services on the Internet without Franchisor's prior, written approval

7 3 6 To purchase the most up-to-date technology, products, and software that Franchisor requires of franchisees at the times that Franchisor requires

7 3 7 To comply with all regulations and requirements established by Franchisor in its Operating Standards or otherwise in writing relating to surveillance and security systems and procedures, and relating to Franchisor's right to connect to and/or monitor those systems Franchisee must at all times have a minimum of two operational webcams on the Premises that are viewable by both Franchisor and Franchisee

7 4 **Fixtures, Furnishings, and Equipment** Franchisee must purchase and install, at Franchisee's expense, all fixtures, furnishings, fitness equipment and machines, office equipment (including telephone(s), computer, printer, and a point-of-sale recording system), surveillance cameras, DVD player, large flat-screen television, decor, and signs as Franchisor reasonably directs from time to time, and must refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor, signs or other items not previously approved as meeting Franchisor's standards and specifications Franchisee's initial inventory of fitness equipment will consist of six new Koko Smartrainers, five treadmills with new KokoCardio electronics, four elliptical trainers with new KokoCardio electronics, one new SmartStation back up kiosk, one new Koko FitCheck body assessment system, and two Dual Cable Cross exercise machines If Franchisee elects to install a door access security system to allow members to access the Premises during non-staffed hours, the door access security system and door access devices must meet Franchisor's standards and must be approved by Franchisor in writing before installation Any door access security system may only permit access to current members If

Franchisee allows member access during unstaffed hours, all members must have access to fully operational emergency alert buttons on lanyards

7 5 **Sources of Products and Equipment** All products sold or offered for sale and all equipment used at the Koko FitClub, and other products, materials, supplies, paper goods, fixtures, and furnishings sold or used at the Koko FitClub, must meet Franchisor's then-current standards and specifications, as established in Franchisor's Operating Standards or otherwise in writing Franchisee must purchase all products, Koko Keys, supplies, materials, equipment, software programs, and other items used or offered for sale at the Koko FitClub solely from Franchisor, its affiliates, or from suppliers (including distributors and other sources) who have been approved by Franchisor in its Operating Standards or otherwise in writing Franchisor has unfettered discretion in the approval or rejection and disapproval of all products and suppliers If Franchisee desires to purchase items from a party other than an approved supplier, excluding Koko-branded, proprietary equipment and products that can only be purchased through approved suppliers, Franchisee will submit to Franchisor a written request to approve the proposed supplier, together with information that Franchisor reasonably requires Franchisor may require that its representatives be permitted to inspect, test, and evaluate the supplier's facilities, products, and equipment, and that, if applicable, samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor A charge not to exceed the reasonable cost of the evaluation and testing must be paid by Franchisee Franchisor will use its best efforts to notify Franchisee in writing of its approval or disapproval of the proposed supplier within 30 days after its receipt of a completed request and completion of any evaluation and testing required by Franchisor Franchisor may disapprove of a proposed product or supplier for any reason Franchisee may not sell, offer for sale, or use any items from the proposed supplier until Franchisor's written approval of the proposed supplier is received Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that the products or suppliers are no longer approved for use in the System Upon receipt of written notice of revocation, Franchisee must cease to sell or use any disapproved products and cease to purchase from any disapproved supplier Franchisee may use products purchased from approved suppliers solely for the purpose of operating the Koko FitClub and not for any other purpose, including resale, provided, however, the Franchisor may require Franchisee to offer and sell certain products for resale Nothing in the foregoing will be construed to require Franchisor to make available to prospective suppliers the standards and specifications for its Products and Services

7 6 **Inventory** At the time the Koko FitClub opens, Franchisee must have purchased and stocked the initial inventory of equipment, products, accessories, spare parts packages, and supplies as prescribed by Franchisor in its Franchisor's Operating Standards or otherwise in writing, including an initial inventory of Koko Keys and Member Starter Kits and Member Playbooks Thereafter, Franchisee will purchase, stock, and maintain all types of approved equipment and products in quantities sufficient to meet reasonably anticipated customer demand Franchisee must immediately notify Franchisor if an approved supplier substitutes an unapproved product in place of an approved product Franchisee will inform Franchisor and Franchisee's fitness equipment lessors and/or vendors of its receipt of all fitness equipment

within 24 hours after Franchisee receives delivery of the fitness equipment Franchisee understands that it may be required to pay freight costs and applicable sales taxes upon its purchase of equipment and other products

7 7 **Inspections** Franchisee will permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections, will cooperate with representatives of Franchisor in those inspections by rendering any assistance that they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, will take the steps necessary to correct immediately any deficiencies detected during the inspection At Franchisor's request, Franchisee will take photographs or videos of the Premises and will provide those photographs and videos to Franchisor Should Franchisee, for any reason, fail to correct any deficiencies within a reasonable time as determined by Franchisor, Franchisor will have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable to Franchisor upon demand The foregoing will be in addition to all other remedies Franchisor may have

7 8 **Advertising and Promotional Materials** Franchisee will ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor

7 9 **Maintenance of Premises** Franchisee will maintain the Premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair and will comply with all cleaning and maintenance requirements and schedules as set forth in Franchisor's Operating Standards on Tools & Forums or otherwise in writing In connection therewith, Franchisee will, at its expense, make any additions, alterations, repairs, and replacements to the Premises (but no others without Franchisor's prior written consent) as may be required for that purpose, including periodic repainting or replacement of obsolete signs, furnishings, carpet, equipment, and decor as Franchisor reasonably directs

7 10 **Active Participation**

7 10 1 Franchisee (or, if Franchisee is a corporation, partnership, or limited liability company, at least one principal of Franchisee) or Franchisee's manager (approved by Franchisor) who has received training will take an active role in the operation of the Koko FitClub At least one employee who has completed the Initial Training Program offered by Franchisor or who has been trained by Franchisee must be on the Premises operating the Koko FitClub for the minimum number of hours per week specified in Franchisor's Operating Standards on Tools & Forums Franchisor may change the minimum number of hours stated in Franchisor's Operating Standards at any time in its sole discretion Franchisee may elect to have on premise staff at the Koko FitClub for additional hours over the minimum requirement Franchisee will take all steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Social Media Sites (as defined in Section 7 22 below), including prohibiting employees from posting any information relating to Franchisor, the

System, the Proprietary Marks, or the Franchised Business on any Social Media Site that is inconsistent with those policies

7 10 2 Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and its employees Franchisee will be solely responsible for recruiting and hiring the persons it employs to operate the Franchised Business Franchisee will also be responsible for their training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace related laws At no time will Franchisee or its employees be deemed to be employees of Koko FitClub or our affiliates We have no right or obligation to direct your employees or to operate the Franchised Business

7 11 **Management** Franchisee understands and acknowledges that proper management of the Koko FitClub and compliance with the terms of this Agreement are important to the success of the Koko FitClub and to the System Accordingly, Franchisor has the right, but not the obligation, to assume management of Franchisee's Koko FitClub in accordance with the provisions of Section 3 13 of this Agreement and to collect amounts due under Section 3 13 if (a) Franchisee abandons or fails actively to operate the Koko FitClub, or (b) Franchisee fails to comply with any provision of this Agreement or any of Franchisor's standards and specifications and Franchisee does not cure the failure within the time period prescribed in Franchisor's notice to Franchisee

7 12 **Pricing, Membership Plans and Programs** Franchisee will offer and sell all membership plans and packages granting customers rights of access to Franchisee's Koko FitClub as Franchisor designates from time to time at prices to be determined by Franchisor Franchisee will comply with all prices, minimum prices, maximum prices, and price components (such as sign-up/Starter Package fees, monthly fees, reciprocity fees, and package plan prices) established by Franchisor in its Operating Standards or otherwise in writing Franchisee will honor and comply with all requirements established by Franchisor in its Operating Standards or otherwise in writing from time to time relating to member or guest access to Franchisee's Koko FitClub, including reciprocal member access arrangements with other Koko FitClubs Franchisee will refrain from offering or selling any membership plans or packages unless Franchisor has approved the plans or packages in writing

7 13 **Member Satisfaction** Franchisor reserves the right to contact members of Franchisee's Koko FitClub to assess member satisfaction through surveys, questionnaires, or other methods as Franchisor determines from time to time If Franchisee fails to achieve an acceptable score on member satisfaction surveys or if Franchisor, in its sole discretion, determines that Franchisee has failed to meet member satisfaction requirements, Franchisee may be required, at its own expense, to attend any additional training that Franchisor deems necessary and to pay the then-current training fees

7 14 **Changes to the System** Franchisee may not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor Franchisee will notify Franchisor in writing of any change, amendment, or improvement in the System which Franchisee proposes to make, and will provide to Franchisor all information that Franchisor requests regarding the proposed change, amendment, or improvement Franchisee

acknowledges and agrees that Franchisor may incorporate the proposed change, amendment, or improvement into the System and will thereupon obtain all right, title, and interest therein without compensation to Franchisee

7 15 **Compliance with Lease and Other Agreements** Franchisee will comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Koko FitClub, will promptly furnish Franchisor a copy of its lease and other agreements relating to the operation of the Koko FitClub when executed, will undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor, with its vendors and suppliers, and with other parties with whom it has a contractual relationship, will be current on all financial obligations relating to the Koko FitClub, and will refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises

7 16 **Health and Safety Standards** Franchisee will meet and maintain the highest health standards and ratings applicable to the operation of the Koko FitClub Franchisee will furnish to Franchisor within three days after receipt thereof, a copy of all reports and any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Koko FitClub

7 17 **Reciprocal Privileges** Franchisee will permit members of other Koko FitClub locations to use the Premises and equipment of Franchisee's Koko FitClub in accordance with the standards and specifications set forth in Franchisor's Operating Standards on Tools & Forums, which standards and specifications may include the payment of a reciprocity fee for each visit by a member to a Koko FitClub other than the home club of the member

7 18 **Computer System and Required Software**

7 18 1 Franchisor may specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including (a) technology relating to the use of the fitness equipment, (b) member management, back office, point of sale systems, CRM system, and data, audio, video, and voice storage, retrieval, and transmission systems for use at the Koko FitClub, (c) printers and other peripheral hardware or devices, (d) archival back-up systems, (e) Internet access mode and speed, and (f) physical, electronic, and other security systems (collectively, the "**Computer System**") You are currently required to use and pay the cost of a member management system and point-of-sale system provided by ASF Payment Solutions

7 18 2 Franchisor may, but will not be obligated, to develop or have developed for it, or to designate (a) computer software programs (including member management systems) that Franchisee must use in connection with the Computer System (the "**Required Software**"), which Franchisee will install at Franchisee's expense, (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee will install at Franchisee's expense, (c) the tangible media upon which Franchisee records data, and (d) the database file structure of the Computer System

7 18 3 At Franchisor's request, Franchisee will purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software Franchisor will have

the right at any time to retrieve, access, and use all data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software Franchisee must, at its own expense, keep its Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software that Franchisor directs from time to time in writing

Franchisee's compliance with this Section 7 18 will be at Franchisee's sole cost and expense

7 19 **Data** All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is and will be owned exclusively by Franchisor, and Franchisor may use that data in any manner that Franchisor deems appropriate without compensation to Franchisee In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement Copies and/or originals of the data must be provided to Franchisor upon Franchisor's request Franchisor hereby licenses use of the data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement

7 20 **Privacy** Subject to commercial standards of reasonableness based upon local business practices in the Territory, Franchisor may, from time-to-time, specify in its Operating Standards (or otherwise in writing) the information that Franchisee will collect and maintain on the Computer System installed at the Franchised Business, and Franchisee will provide to Franchisor all reports that Franchisor may reasonably request from the data so collected and maintained All Smartrainer system data pertaining to or derived from the Franchised Business (including data pertaining to or otherwise about customers) is and will be the exclusive property of Franchisor, but Franchisor grants a royalty-free nonexclusive license to Franchisee to use that data during the term of this Agreement Franchisee will abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information Franchisee may not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy

7 21 **Extranet** Franchisor may, but is not obligated to, establish an Extranet The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet If Franchisor does establish an Extranet, then Franchisee must comply with Franchisor's requirements (as set forth in the Operating Standards or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business The Extranet may include the Operating Standards, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor directs) Franchisee must purchase and maintain the computer software and hardware (including telecommunications capacity) required to connect to and

utilize the Extranet Franchisor may require Franchisee to install a video, voice, and data system that is accessible by both Franchisor and Franchisee on a secure Internet website, in real-time, all in accordance with Franchisor's then-current written standards as set forth in the Operating Standards or otherwise in writing Franchisee will comply with Franchisor's requirements (as set forth in the Operating Standards or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet or other computer systems as Franchisor reasonably requires

7 22 **Web Sites and Social Media Sites** Franchisee may not establish or maintain a separate Web site or domain in connection with the Franchised Business Franchisee may establish and maintain a Social Media Site in connection with the Franchised Business provided that Franchisee adheres to Franchisor guidelines for Social Media Sites as specified on Tools & Forums, or otherwise in writing For this purpose, a "**Social Media Site**" is any account, page, or other presence on a social or business networking media site such as Facebook, Twitter, Google+, LinkedIn, and on-line blogs and forums

7 22 1 Franchisee specifically acknowledges and agrees that any Social Media Site owned or maintained by or for the benefit of Franchisee will be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval,

7 22 2 Franchisee will comply with the standards and specifications for Web sites and social media sites that Franchisor periodically prescribes in the Operating Standards or otherwise in writing, including granting Franchisor administrative rights to all Social Media Sites to ensure communication consistency and protection of system and brand if necessary,

7 22 3 If required by Franchisor, Franchisee will include in its Social Media Sites all hyperlinks to Franchisor's Web site and other Web sites or social media sites as Franchisor requests in writing,

7 22 4 Franchisee may not make any posting or other contribution to a Social Media Site relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates Franchisor's policies relating to the use of Social Media Sites, and

7 22 5 Franchisor may require Franchisee to remove any contents from Franchisee's Social Media Sites that violate this Agreement or Franchisor's policies

7 23 **Online Use of Proprietary Marks and E-mail Solicitations** Franchisee may not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to (a) the content of the e-mail advertisements or solicitations, and (b) Franchisee's plan for transmitting the advertisements In addition to any other provision of this Agreement, Franchisee will be solely responsible for compliance with all laws pertaining

to e-mails, including those similar to the U S Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003")

7 24 **No Outsourcing Without Prior Written Approval** Franchisee may not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, Mobile or other applications, or any other of Franchisee's obligations without Franchisor's prior written approval Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, the third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor The provisions of this Section 7 24 are in addition to and not instead of any other provision of this Agreement

7 25 **Changes to Technology** Franchisee acknowledges that changes to technology are dynamic and not predictable over the term of this Agreement In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisor may establish, in writing, reasonable new standards for the implementation of technology in the System, and Franchisee will abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose

Item 31 PROPRIETARY MARKS

8 1 **Franchisor Representations** Franchisor represents with respect to the Proprietary Marks

8 1 1 Franchisor has an exclusive license to use and to license others to use the Proprietary Marks,

8 1 2 Under a license agreement with Michael Lannon, Franchisor has the right to use, and to license others to use, the Proprietary Marks, and

8 1 3 Franchisor's affiliate and Franchisor have taken and will take all steps reasonably necessary to preserve and protect their rights to use and to license others to use the Proprietary Marks and the validity of the Proprietary Marks

8 2 **Franchisee's Use of Marks** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that

8 2 1 Franchisee will use only the Proprietary Marks designated by Franchisor, and will use them only in the manner authorized and permitted by Franchisor

8 2 2 Franchisee will use the Proprietary Marks only for the operation of the Koko FitClub and only at the Approved Location, or in advertising or promotional materials for the Koko FitClub

8 2 3 Unless otherwise authorized or required by Franchisor, Franchisee will operate and advertise the Koko FitClub only under the name "Koko FitClub" and will use all Proprietary Marks without prefix or suffix Franchisee may not use the Proprietary Marks as part of its corporate or other legal name, except that Franchisee may indicate that it is doing business as Koko FitClub

8 2 4 During the term of this Agreement, and any renewal or extension, Franchisee will identify itself as the independent owner of the Koko FitClub (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, business stationery, membership agreements, and contracts with all third parties or entities Franchisee will display notices concerning Franchisee's independent ownership with the content, in the form, and at the conspicuous locations that Franchisor designates in writing

8 2 5 Franchisee's right to use the Proprietary Marks is limited to uses that are authorized under this Agreement, and any unauthorized use will constitute an infringement of the trademark owner's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity

8 2 6 Franchisee may not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor

8 2 7 Franchisee will execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability

8 2 8 Franchisee will promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks including the presence of equipment from unauthorized sources in a Koko FitClub, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of that defense, including the cost of any judgment or settlement, will be borne by Franchisor If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by Franchisee In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee will execute all documents and do all acts that are, in the opinion of Franchisor, necessary to carry out that defense or prosecution, including becoming a nominal party to any legal action Except to the extent that any litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor will reimburse Franchisee for its out-of-pocket costs in doing those acts

8 2 9 Franchisee may not attempt to register or otherwise obtain any interest in any Internet domain name or URL (uniform resource locator) containing any of the Proprietary Marks or any other word, name, symbol, or device that is likely to cause confusion with any of the Proprietary Marks

8 3 **Acknowledgements** Franchisee expressly acknowledges that

8 3 1 Franchisor has the right to use, and license others to use, the Proprietary Marks

8 3 2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System

8 3 3 During the term of this Agreement and after its expiration or termination, Franchisee may not directly or indirectly contest the validity of Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks

8 3 4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks

8 3 5 All goodwill arising from Franchisee's use of the Proprietary Marks will inure solely and exclusively to the benefit of the trademark owner, and upon expiration or termination of this Agreement and the license granted, no monetary amount will be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees, or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks

8 3 6 Except as specified in Section 1 3, the license of the Proprietary Marks granted to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others (a) to use the Proprietary Marks itself in connection with selling products, merchandise, and services, (b) to grant other licenses for the Proprietary Marks, (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and (d) to grant licenses thereto without providing any rights therein to Franchisee

8 3 7 Franchisee must exercise caution in its use of the Proprietary Marks to ensure that the Proprietary Marks (and the goodwill associated with them) are not jeopardized in any manner Without limiting the foregoing, Franchisee may not use the Proprietary Marks in any manner or in connection with any statement or material that may (in Franchisor's good faith judgment) be in bad taste or inconsistent with Franchisor's public image, or tend to involve Franchisor in a matter of political or public controversy, or tend to bring disparagement, ridicule, or scorn upon Franchisor, the Proprietary Marks, or the goodwill associated with the Proprietary Marks

8 3 8 Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder Franchisee will promptly comply with those changes, revisions, and substitutions, and will bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics, and other items that bear the Proprietary Marks to conform with the changes Franchisee's use of any modified or substituted proprietary marks will be governed by the terms of this Agreement to the same extent as the Proprietary Marks

Item 32 CONFIDENTIAL OPERATING STANDARDS

9 1 **Standards of Operations** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee will operate the Koko FitClub in accordance with the standards, methods, policies, and procedures specified in the Operating Standards and on the Tools & Forums Franchisor will provide Franchisee with access to its confidential Operating Standards on Tools & Forums upon completion by Franchisee of the Initial Training Program to Franchisor's satisfaction

9 2 **Confidentiality** Franchisee will treat the Operating Standards, any manuals created for or approved for use in the operation of the Koko FitClub, and all information contained in ClubHub, or on Tools & Forums, as confidential, and will use all reasonable efforts to maintain that information as secret and confidential pursuant to Section 10 below Franchisee may not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person The Operating Standards may consist of multiple volumes of content, electronic files, other electronically stored data, and videotapes, and may contain information related to Koko FitClub operations, and Koko FitClub management Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Operating Standards (including updates and amendments), and other instructional information and materials online

9 3 **Exclusive Property** The Operating Standards and all other information on Tools & Forums will remain the sole property of Franchisor, access to which will be kept secure

9 4 **Revisions to Operating Standards** Franchisor may from time to time revise the contents of its Operating Standards, and Franchisee expressly agrees to comply with each new or changed provision or standard Franchisee understands and agrees that Franchisor may implement changes to the System by changing the contents of the Operating Standards If there is any dispute as to the contents of the Operating Standards, the terms communicated by Franchisor through Tools & Forums or through other written communication will be controlling

Item 33 CONFIDENTIAL INFORMATION

10 1 **Confidential Information** Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the franchised business, including the Operating Standards, other information on Tools & Forums or other published vehicles, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement ("**Confidential Information**") Franchisee will divulge the Confidential Information only to those of its employees that must have access to it in order to operate the Franchised Business All information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement

10 2 **Confidentiality Agreements** At Franchisor's request, Franchisee will require Franchisee's manager and other personnel having access to any of Franchisor's Confidential Information to execute non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Koko FitClub Those covenants will be in the form attached as Exhibit C

10 3 **Irreparable Injury** Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Franchisee will pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or other relief sought by Franchisor for violation of this Section 10

Item 34 ACCOUNTING AND RECORDS

11 1 **Monthly Gross Collections** Franchisee will record all Gross Collections on a point-of-sale record keeping and control system designated by Franchisor (currently ASF Payments Solutions), or on any other equipment specified by Franchisor in the Operating Standards or otherwise in writing

11 2 **Periodic Reports** Franchisee will, at Franchisee's expense, submit to Franchisor electronically, in the form prescribed by Franchisor, monthly and quarterly financial statements, consisting of a complete and accurate profit and loss statement and balance sheet, which need not be audited Franchisee will submit the reports to Franchisor by the 10th day following the close of month or quarterly period to which the report relates

11 3 **Other Reports** Franchisee will, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, the following reports, financial statements, and other data

11 3 1 On or before the 10th day of each month, any other business performance reports Franchisor requires for the preceding month

11 3 2 Within 75 days after the end of each fiscal year, Franchisee's unaudited financial statements for the preceding fiscal year, consisting of a complete and accurate profit and loss statement and balance sheet

11 3 3 Upon Franchisor's request, within 10 days after their timely completion, all federal, state, and local sales, income, or other tax returns filed by Franchisee

11 3 4 All other forms, reports, records, information, and data that Franchisor reasonably designates from time to time or as may be described in the Operating Standards

11 4 **Inspection and Audit** Franchisor and its designated agents may, at all reasonable times, examine, copy, and/or personally review at Franchisor's expense, the books, records, accounts, and tax returns of Franchisee Franchisor may remove Franchisee's books, records, accounts, and tax returns for copying, provided that Franchisor promptly returns to Franchisee the materials removed Alternatively, Franchisor may, at any time, have an independent audit made of the books and records of Franchisee Nothing in this paragraph limits Franchisor's right to access the activity of the payment processor used by Franchisee to process transactions

Item 35 MARKETING, ADVERTISING, AND PROMOTION

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

12 1 **Initial Launch Marketing and Advertising** Starting before the Koko FitClub first opens and continuing for four months after the Koko FitClub first opens, Franchisee will (a) support the launch of its Koko FitClub with introductory launch marketing and advertising in a form and manner agreed to by Franchisor in writing and (b) host an initial launch event at the Koko FitClub Franchisee will expend a minimum of $10,000 on this initial launch marketing and advertising

12 2 **Koko FitClub Common Marketing Requirements** During the term of this Agreement, Franchisee will contribute an amount equal to 2% of Franchisee's Gross Collections as the Common Marking Services Fee Franchisor may allocate the Common Marketing Services Fee in its sole discretion Subject to the costs and expenses of administering and maintaining Web sites and Social Media Sites, all of the Common Marketing Services Fee will be used for the promotion of the Products and Services, and for enhancement of the Koko FitClub brand and image The Common Marketing Services Fee will be in addition to the expenditures required by Section 12 1 and Section 12 3

Franchisor will use the Common Marketing Services Fee as follows

12 2 1 Franchisor will direct all advertising, marketing, and promotional programs, and have sole discretion over all aspects of those programs, including concepts, materials, and media used in the programs, and the placement and allocation of them Franchisee acknowledges that the Common Marketing Services Fee is intended to maximize general public recognition, acceptance, and use of the System, and that Franchisor is not obligated, in administering the Common Marketing Services Fee, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, to make expenditures in Franchisee's geographical area, or to ensure that Franchisee benefits directly or on a *pro rata* basis from expenditures or activities of the Common Marketing Services Fee

12 2 2 The Common Marketing Services Fee may be used to meet any costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, or promotional programs and materials, and any other activities that Franchisor believes will enhance the image of the System, including the costs associated with production of Franchisor's systemwide owners' meetings, preparing and conducting radio, television, print, and Internet-based advertising campaigns, Social Media Sites (as described in Section 7 22) and other emerging media or promotional tactics, developing, maintaining, and updating a World Wide Web site on the Internet, direct mail advertising, marketing surveys, employing advertising and public relations agencies to assist in any of these activities, purchasing promotional items, purchasing point-of-purchase materials, and providing promotional and other marketing materials and services to the businesses operating under the System The Common Marketing Services Fee may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance

by Franchisor, if Franchisor determines those expenditures may promote general public awareness of and favorable support for the System

12 2 3 The Common Marketing Services Fee will be accounted for separately from the other monies of Franchisor and may not be used to defray any of Franchisor's expenses, except for reasonable costs and overhead that Franchisor incurs in activities reasonably related to the direction and implementation of marketing programs for franchisees and the System, including costs and salaries of personnel who create and implement advertising, promotional, and marketing programs Franchisor will maintain separate bookkeeping accounts for the Common Marketing Services Fee

12 2 4 Franchisee acknowledges that the Common Marketing Services Fee is not a trust or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Common Marketing Services Fee

12 3 **Local Marketing, Advertising, and Promotion** Franchisor may direct Franchisee to expend a portion of the Common Marketing Services Fee on local marketing, advertising, and promotion in the manner and amount as Franchisor, in its sole discretion, directs in the Operating Standards or otherwise in writing from time to time Franchisee will provide satisfactory evidence of all local advertising and promotion expenditures in the manner that Franchisor directs in the Operating Standards or otherwise in writing from time to time Franchisor may direct Franchisee to display specified advertising and similar materials in the Koko FitClub, and to play the music, television, and other media that Franchisor specifies Franchisor may enter into advertising and sponsorship agreements with third parties, and Franchisor may receive and retain compensation and other benefits from those third parties

12 4 **Advertising Materials** All advertising and promotion by Franchisee will be in media and of the type and format that Franchisor approves, will be conducted in a dignified manner, and will conform to the standards and requirements that Franchisor specifies Franchisee may not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 12 5 Franchisor may make available to Franchisee from time to time, at Franchisee's expense, promotional materials, including newspaper mats, brochures, merchandising materials, point-of-purchase materials, and similar advertising and promotional materials

12 5 **Approval of Advertising Materials** Franchisee will submit to Franchisor samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding three months (as provided in Section 21), for Franchisor's prior approval Franchisee may not use the plans or materials until they have been approved in writing by Franchisor If written notice of disapproval is not received by Franchisee from Franchisor within 15 days of the date of receipt by Franchisor of the samples or materials, Franchisor will be deemed to have approved them

12 6 **Advisory Council** Franchisor may create an advisory council ("**Council**") and require that Franchisee participate actively in the Council and participate in all Council

programs approved by Franchisor The Franchisor reserves the right to prepare and amend the governing documents for the Council from time to time, in its sole discretion, at any time Franchisor, in its sole discretion, will determine the boundaries of the Council The purposes of the Council will include exchanging ideas and problem-solving methods, advising Franchisor on expenditures for system-wide advertising, and coordinating franchisee efforts

12 7 **Cooperative Promotion** Franchisee will cooperate with Franchisor to market and promote the System and the Proprietary Marks in the Territory, including participating with Franchisor in joint promotions, solicitations, and surveys of potential and existing customers and members

Item 36 INSURANCE

13 1 **Minimum Insurance Requirements** Franchisee will procure, before the commencement of any activities or operations under this Agreement, and will maintain in full force and effect at all times during the term of this Agreement (and for the period after the term of this Agreement as is necessary to provide the coverages required by this Section 13 1 for events that occurred during the term of this Agreement), at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death, or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Koko FitClub, including per occurrence (minimum of $1M), comprehensive general aggregate liability insurance (minimum of $2M), property and casualty insurance, business interruption insurance, EPLI (employment practices liability insurance) and statutory workers' compensation insurance with state-mandated limits, as well as insurance against damage caused by hurricanes, earthquakes, flood, and the like, in areas prone to those conditions Franchisee is responsible for determining other necessary coverage requirements unique to their geography or landlord requirements All policies will be written by a responsible carrier or carriers acceptable to Franchisor, will name Franchisor and its subsidiaries and affiliates as additional insureds (using "Grantor of Franchise" Form CG2029 or an insurer's comparable form), and will provide at least the types and minimum amounts of coverage specified in the Operating Standards or otherwise in writing

13 2 **Non-waiver** Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Operating Standards or otherwise in writing by Franchisor will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20 3 of this Agreement

13 3 **Certificates of Insurance Franchisee will deliver to Franchisor certificates of insurance evidencing the proper types and minimum amounts of coverage before beginning operations under this Agreement and thereafter (a) on an annual basis and (b) at least 30 days before the expiration of any policy All certificates will expressly provide that no less than 30 days written notice will be given to Franchisor before any material alteration to or cancellation of the coverages evidenced by the certificates**

13 4 **Franchisor's Right to Procure Insurance** If Franchisee does not, for any reason, obtain and maintain the insurance required by this Agreement (as those requirements may be revised from time to time by Franchisor in the Operating Standards or otherwise in writing), Franchisor may (but is not obligated to) obtain and maintain the insurance in Franchisee's name and to charge the cost of the insurance to Franchisee Franchisee will immediately reimburse Franchisor for the premiums (or other costs) of the insurance together with Franchisor's reasonable expenses in obtaining the insurance The rights to obtain insurance on Franchisee's behalf and to be reimbursed for the associated costs are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity

13 5 **Modifications by Franchisor** Franchisor may, from time to time, change the minimum policy limits and endorsements for the required insurance as Franchisor determines, provided that all changes will apply to all franchisees of Franchisor who are similarly situated

Item 37 TRANSFER OF INTEREST

14 1 **Franchisor's Right to Koko Franchise System Transfer** Franchisor may transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of Franchisor will become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment Franchisee will execute any documents of assignment or other documents as Franchisor may request

14 2 **Franchisee's Conditional Right to Transfer** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character Franchisee further understands and acknowledges that the Franchise Agreement grants Franchisee the right to use the System Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business will sell, assign, transfer, convey, pledge, encumber, merge, or give away (collectively, "**transfer**") this Agreement, any direct or indirect interest in Franchisee, or all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14 2 will be null and void and will constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15 2 4 of this Agreement The foregoing remedies will be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity

14 3 **Conditions of Transfer** Franchisee will notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business at least 120 days before the transfer is proposed to take place Franchisor will not unreasonably withhold its consent to any transfer Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval

14 3 1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied

14 3 2 That Franchisee is not in default of any provision of this Agreement, any amendment or successor to this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates

14 3 3 That the transferor will have executed a general release, in a form satisfactory to Franchisor, of all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees

14 3 4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement

14 3 5 That the transferee (and, if the transferee is other than an individual, the owners of a beneficial interest in the transferee that Franchisor requests) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, and that the beneficial owners of transferee guarantee the performance of all of those obligations in writing in a form satisfactory to Franchisor

14 3 6 That the transferee (and, if the transferee is other than an individual, the owners of a beneficial interest in the transferee that Franchisor requests) demonstrate to Franchisor's satisfaction, in its sole discretion, that it meets Franchisor's educational, managerial and business standards, possesses a good moral character, business reputation, and credit rating, has the aptitude and ability to operate the Franchised Business, has adequate financial resources and capital to operate the Franchised Business, and is otherwise qualified to be a franchisee

14 3 7 That the transferee execute, for a term ending on the expiration date of this Agreement and with the renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including a higher royalty fee, advertising contribution, and other fees, as determined by Franchisor, except that the transferee will not be required to pay any initial franchise fee and the Franchisee's Territory will remain the same

14 3 8 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose before the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence that liability

14 3 9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), or the transferee's manager (if transferee or transferee's principal will not manage the Koko FitClub),

at the transferee's expense, complete any training programs then in effect upon the terms and conditions as Franchisor reasonably requires and pay Franchisor the then-current training fee

14 3 10 That the transferee restores the transferred club to "like new" condition (as described in Franchisor's Operating Standards), meeting the specifications of Franchisor's then-current standards (decor, equipment, signage, etc) within 60 days after the completion of the transfer

14 3 11 That the transferee will not finance more than 75% of the total purchase price, and that transferee expressly, in writing, subordinates all third-party interests in the Franchised Business to the interests of Franchisor

14 3 12 That the transferee pay to Franchisor a "**Franchise System Rights Transfer Fee**" of 50% of the then-current initial franchise fee or $19,500, whichever is greater, in consideration of the proprietary rights to the Koko FitClub Franchise System granted by this Agreement Alternatively, if the transferee wants a 10-year term for the new franchise agreement, the transferee may pay to Franchisor the then-current initial franchise fee

Franchisor will waive the Franchise System Rights Transfer Fee in the case of (a) a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, or (b) a transfer to an immediate family member of a principal of Franchisee, (c) a transfer to Franchisor, or (d) a transfer to an existing Koko FitClub franchisee

14 4 **No Security Interest** Franchisee may not grant a security interest in the Koko FitClub or in any of the assets of the Koko FitClub unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor will 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, if Franchisor exercises this option, any acceleration of indebtedness due to Franchisee's default will be void

14 5 **Franchisor's Right of First Refusal** If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase that interest, Franchisee will notify Franchisor as provided in Section 14 3, and will provide all information and documentation relating to the offer that Franchisor requires Franchisor will have the option, exercisable within 30 days after receipt of the written notification, 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 If Franchisor elects to purchase the seller's interest, closing on the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by Franchisor If Franchisor elects not to purchase the seller's interest, any material change in the terms of the offer from the third party will 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 14 5 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer If the consideration, terms and/or conditions offered by the third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, or conditions, then Franchisor may purchase the

interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within 30 days on the reasonable equivalent in cash of the consideration, terms, and conditions offered by the third party, the fair market value of the interest will be determined by three appraisers chosen in the following manner Franchisee will select one appraiser, at Franchisee's expense, Franchisor will select one appraiser, at Franchisor's expense, and the two appraisers so chosen will select a third appraiser The decision of the majority of the appraisers so chosen will be conclusive The cost of the third appraiser will be shared equally by the parties

14 6 **Death or Mental Incapacity** Upon the death or physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of the affected person will transfer the interest to a third party approved by Franchisor within six months after the death or mental incapacity All transfers pursuant to this Section 14 6, including transfers by devise or inheritance, will be subject to the same conditions as any *inter vivos* transfer In the case of transfer by devise or inheritance, if the heirs or beneficiaries of the decedent are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent will transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition will be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15 2 5

14 7 **Non-waiver** Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee

Item 38 DEFAULT AND TERMINATION

15 1 **Automatic Termination** Franchisee will be deemed to be in default under this Agreement, and all rights granted to Franchisee will automatically terminate without notice to Franchisee or opportunity to cure, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, Franchisee is adjudicated bankrupt or insolvent, 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, 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, proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed), Franchisee is dissolved, execution is levied against Franchisee's business or property, suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within 30 days, or the real or personal property of the Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable

15 2 **Notice Without Opportunity to Cure** In addition to the foregoing, upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted to Franchisee by this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 23)

15 2 1 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within 60 days, then Franchisee will have 90 days after the event to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval will not be unreasonably withheld

15 2 2 If Franchisee, or any principal, officer, or director of Franchisee, 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 with them or Franchisor's interest in them, or if Franchisee or any principal, officer, or director of Franchisee commits any acts or engages in any behavior that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with them, or Franchisor's interest in them, including conduct that is fraudulent, unfair, unethical, or deceptive

15 2 3 If a threat or danger to public health or safety results from the manner in which Franchisee constructs, maintains, or operates the Franchised Business

15 2 4 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, or otherwise contrary to the terms of Section 14

15 2 5 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14 6

15 2 6 If Franchisee fails to comply with the covenants in Section 17 2 or fails to obtain execution of the covenants required under Section 10 2

15 2 7 If, contrary to the terms of Sections 9 or 10, Franchisee discloses or divulges the contents of the Operating Standards or other confidential information provided to Franchisee by Franchisor

15 2 8 If Franchisee knowingly fails to disclose or falsely discloses the number of customers it has during any month

15 2 9 If Franchisee knowingly maintains false books or records or submits any false reports or other documentation (including Franchisee's application for this franchise) to Franchisor

15 2 10 If Franchisee intentionally misuses or makes any unauthorized or improper use of the Proprietary Marks, proprietary programs or content, or any other

identifying characteristics of the System, intentionally fails to utilize the Proprietary Marks solely in the manner and for the purposes directed by Franchisor, or otherwise materially impairs the goodwill associated with the Proprietary Marks or Franchisor's rights in the Proprietary Marks

15 2 11 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand as provided for in Section 11 4

15 2 12 If Franchisee, upon receiving a notice of default under Section 15 3, fails to initiate immediately a remedy to cure the default

15 2 13 If Franchisee, after curing any default pursuant to Section 15 3, commits the same default again, whether or not cured after notice

15 2 14 If Franchisee is notified of three or more defaults under this Agreement within a 24-month period (whether or not these defaults are cured) If this occurs, Franchisor has the absolute right to terminate this Agreement immediately upon or any time after Franchisee's receipt of the notice of the occurrence of the third default, and Franchisor is not obligated to give Franchisee an opportunity to cure this third default

15 2 15 If Franchisee or any of its subsidiaries or affiliates are in default under any other agreement, other than an area development agreement, between Franchisee, or its subsidiaries or affiliates and Franchisor or any of its subsidiaries or affiliates, which default gives Franchisor the right to terminate the other agreement (provided, however, that the termination of any other agreement by mutual, written agreement of the parties will not, by itself, constitute grounds for termination of this Agreement)

15 3 **Notice With Opportunity to Cure** Except as otherwise provided in Sections 15 1 and 15 2 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 23) stating the nature of the default to Franchisee at least 30 days (or shorter period specified below) before the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure the default, curing it to Franchisor's satisfaction, and promptly providing proof of that cure to Franchisor within the 30-day period (or shorter period specified below) If any default is not cured within the specified time, or any longer period required by applicable law, this Agreement will terminate without further notice to Franchisee, effective immediately upon the expiration of the 30-day period (or shorter period specified below) or any longer period required by applicable law Defaults that are susceptible of cure under this Section 15 3 include the following illustrative events

15 3 1 If Franchisee does not substantially comply with, or does not carry out in good faith, any of the requirements imposed by this Agreement (as this Agreement is reasonably supplemented by the Operating Standards from time to time)

15 3 2 If Franchisee does not promptly pay any monies owing to Franchisor or its affiliates, or to vendors or lenders, when due, or does not submit to Franchisor the financial or other information required by Franchisor under this Agreement (Franchisee will have ten days from its receipt of written notice to cure any default under this Section 15 3 2)

15 3 3 If Franchisee does not comply with the standards or procedures prescribed by Franchisor in this Agreement, the Operating Standards or otherwise in writing, or if Franchisee does not meet the member satisfaction standards described in the Operating Standards or otherwise in writing (without limiting this requirement, if Franchisee's scores or ratings on member satisfaction surveys are below acceptable levels, as described in the Operating Standards or otherwise in writing, and Franchisor determines, in its sole discretion, that Franchisee has failed to fulfill its obligations to members in accordance with the requirements of this Agreement, the standards and specifications, or as otherwise required by Franchisor, that will constitute a failure to meet member satisfaction standards for purposes of this section)

15 3 4 Except as provided in Section 15 2 4, if Franchisee does not obtain Franchisor's prior written approval or consent as required by this Agreement

15 3 5 If Franchisee acts, or fails to act, in any manner that is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of the lease or sublease

15 3 6 If Franchisee engages in any business or markets any service or product under a name or mark that, in Franchisor's opinion, is confusingly similar to the Proprietary Marks

15 3 7 If Franchisee sells or offers products and services that have not been approved by Franchisor or that Franchisor has disapproved

15 3 8 If Franchisee does not comply with all applicable laws, rules, and regulations related to the operation of the Koko FitClub (including the ADA and other laws regarding the construction, design, and operation of the Koko FitClub)

15 3 9 If Franchisee fails to communicate in a timely manner and cooperate with any leasing company or lender with respect to the equipment in the franchised business (Franchisee will have five days from its receipt of written notice to cure a default under this Section 15 3 9)

15 3 10 If Franchisee does not locate an approved site or does not construct and open the Koko FitClub within the time limits provided in Section 5 4 or a "Site Selection Addendum" (if one is attached to this Agreement)

15 3 11 If Franchisee does not complete the Initial Training Program or other training requirements to Franchisor's satisfaction, if Franchisee fails to attend additional training as described in Section 6 3, or if Franchisor requires the Franchisee's designated manager to complete the Initial Training Program, but Franchisee's manager does not complete this program to Franchisor's satisfaction

15 4 **Termination Not Exclusive Remedy** Termination of this Agreement by Franchisor will not be an exclusive remedy and will not in any way affect the rights of Franchisor to receive or collect fees or other amounts payable by Franchisee under this Agreement, to enforce the provisions of this Agreement against Franchisee, to suspend the provision of Products and Services to Franchisee, to suspend access to the Smartrainer with Koko Key

customization, or to sue for damages, seek and obtain injunctive relief, including *ex parte* temporary restraining orders, or to pursue any other legal or equitable remedy for a breach of this Agreement by Franchisee Franchisor's right to terminate this Agreement in accordance with this Section 15 will be deemed to permit Franchisor to elect remedies other than termination For example, in lieu of termination of this Agreement as may be permitted, Franchisor, in its discretion, may allow Franchisee to continue operating the Franchised Business on a month to month basis only and Franchisor may thereafter terminate this Agreement at any time and for any reason upon 10 days' prior written notice to Franchisee Franchisor may terminate this Agreement upon such 10 days' prior written notice to Franchisee even if Franchisee cured all defaults during the period when the Franchised Business was being operated on a month-to-month basis

Item 39 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement for any reason, all rights granted to Franchisee under this Agreement will immediately terminate, and

16 1 **Cease Operations** Franchisee will immediately stop operating the Franchised Business, and may not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor Immediately upon the expiration or termination, Franchisee will, at Franchisor's direction, return or dispose of any Koko-branded products, software, or other products owned by Franchisee Any Koko-branded products not returned to Franchisor must be immediately stripped of all proprietary marks, proprietary electronics, and proprietary software upon expiration or termination of this Agreement Franchisor will not be obligated or required in any way to support, service, warranty, or provide any electronic services for any debranded, stripped equipment that Franchisee may sell as part of any liquidation

16 2 **Notifications** After ending operations, Franchisee will adhere to the requirements for closing, as specified by the Franchisor in writing and/or in the "Franchisor Closing Requirements" on Tools & Forums These requirements may include (among others) requirements to cover over all storefront windows and to publicly post a "Closed Location Notification" in form and content required by Franchisor

16 3 **Cease Use of Confidential Information and Proprietary Marks** Franchisee will immediately and permanently stop using, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, and all Proprietary Marks and distinctive forms, signs, symbols, and devices associated with the System In particular, Franchisee will stop using all signs, advertising materials, displays, stationery, forms, products, and any other articles that display the Proprietary Marks Franchisee will remove the Proprietary Marks, electronics and software from all Koko equipment unless purchased by Franchisor pursuant to Section 16 10 below

16 4 **Refunds and Assignment of Customer Contracts** Within 24 hours after the termination or expiration of this Agreement, Franchisee will notify all members of its Koko FitClub that Franchisee's Koko FitClub no longer operates under the Proprietary Marks and that the members will not be charged any future membership fees and will receive any applicable

refunds Franchisee will refund to all members within seven days of termination or expiration, on a pro-rata basis for any partial month, any amounts that have been prepaid to Franchisee for the month of closure and for any future months Franchisee will immediately stop all automatic or other charges to customers and will maintain the confidentiality of all customer information Franchisor reserves the right to contact all members of Franchisee's Koko FitClub regarding transitional matters Franchisor reserves the right to verify termination of billing to the member by the franchisee through access to the franchisee's member management system Franchisor may offer those members continued rights to use one or more other Koko FitClubs on the terms and conditions that Franchisor deems appropriate Upon Franchisor's request, Franchisee agrees to assign all of its customer accounts and contracts to Franchisor or its designee within 15 days after Franchisee's written request and to cooperate with Franchisor to preserve customer goodwill with those customers An assignment of this type will permit Franchisor to collect and retain customer payments past due, in addition to customer payments owed after the date of assignment

16 5 **Cancellation of Registrations** Franchisee will take all actions necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee that contains the mark "Koko FitClub" or any other Proprietary Marks, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 14 days after termination or expiration of this Agreement This includes URLs, e-mail addresses, etc that contain any Proprietary Marks

16 6 **Assignment of Lease** Franchisee will, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease or sublease for the Premises If Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee will immediately de-identify the Premises and will make all other modifications or alterations to the Premises (including the changing of, or the assignment to Franchisor of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the Koko FitClub under the System, and will make all other specific additional changes to the Premises that Franchisor reasonably requests for that purpose If Franchisee fails or refuses to comply with the requirements of this Section 16 5, Franchisor may enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made any changes that are required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand

16 7 **Subsequent Use of Proprietary Marks Prohibited** If Franchisee continues to operate or subsequently begins to operate any other business, Franchisee may not use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with the other business or the promotion the other business, which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks Franchisee may not utilize any designation of origin, description, or representation (including reference to the Franchisor, the System, or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks

16 8 **Payment** Franchisee will promptly pay all sums owing to Franchisor and its affiliates If this Agreement is terminated for any default of Franchisee, these sums will consist of all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation will 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

16 9 **Return Confidential Information** Franchisee will immediately deliver to Franchisor all operating standards, training materials, paper, and electronic spreadsheets and checklists, and all other records, correspondence and instructions containing Confidential Information relating to the operation of the Koko FitClub (and any copies thereof, even if those copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and will retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law

16 10 **Websites/E-mail Addresses** Franchisee may not continue to use or establish any Web site or e-mail Addresses using any similar or confusing domain name and/or home page address

16 11 **Franchisor's Option to Purchase Equipment** Franchisor will have the option, to be exercised within 30 days after termination, to purchase from Franchisee any or all of the equipment, signs, and fixtures related to the operation of the Koko FitClub at fair market value or at Franchisee's depreciated book value, whichever is lower, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or fair market value, whichever is lower If the parties cannot agree on the price of any of these items within a reasonable time, an independent appraisal will be conducted in accordance with the procedure set forth in Section 14 5 If Franchisor elects to exercise any option to purchase provided, it may set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment If Franchisee has leased from a third-party the equipment, signs, or fixtures related to the operation of the Koko FitClub, Franchisor will have the option, to be exercised within 30 days after termination, to assume Franchisee's obligations under the leases Franchisee may not sell or lease any proprietary equipment, signs, or fixtures to any third parties without Franchisor's prior written consent

16 12 **Compliance With Covenants** Franchisee will comply with the covenants contained in Section 17 3

16 13 **Execution of Agreements** Franchisee will execute all agreements that Franchisor reasonably requests related to the termination of this Agreement, which may include releases by Franchisee and its principals of any and all claims they might have against Franchisor or its subsidiaries, affiliates, officers, directors, agents, or employees

Item 40 COVENANTS

17 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 a corporation, partnership, or limited liability company, a principal, general partner, or member of Franchisee) or Franchisee's fully-trained manager will devote full time, energy, and best efforts to the management and operation of the Koko FitClub

17 2 **In-Term Covenants** 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 may not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity

17 2 1 Divert or attempt to divert any present or prospective business or customer of any Koko FitClub 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,

17 2 2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment, or

17 2 3 Without Franchisor's prior approval, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that offers or sells products, merchandise, or services that are the same as or similar to the products, merchandise, and services being offered by persons operating under the System if any or all those products comprise 10% or more of the business's products as measured by gross sales of the products sold by that business

17 3 **Post-Term Covenants** Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee will not, for a continuous, uninterrupted period of two years beginning upon the date of (a) a transfer permitted under Section 14, (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 17 3, or (e) any or all of the foregoing, 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 business that (i) offers or sells products, merchandise, or services which are the same as or similar to the products, merchandise, and services offered by the Koko FitClub or Koko Xpress under the System if any or all such products comprise 10% or more of the business's products as measured by gross sales of the products sold by such business, and (ii) is, or is intended to be, located at or within

17 3 1 the Approved Location,

17 3 2 25 miles of the Approved Location, or

17 3 2 25 miles of any business operating under the Proprietary Marks,

The prohibitions of Sections 17 2 and 17 3 will not apply to Franchisee's interests in or operation of a Koko FitClub or Koko Xpress under a written Franchise Agreement

17 4 **No Application to Publicly Traded Securities** Sections 17 2 and 17 3 will not apply to ownership by Franchisee of a less than a 5% beneficial interest in the outstanding equity securities of any corporation the securities of which are publicly traded on any recognized security exchange

17 5 **Reduction of Scope of Covenants** Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in Sections 17 2 and 17 3, or any portion of those covenants, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice of that reduction Franchisee will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 24

17 6 **Non-Disparagement** Except as required by applicable law, Franchisee may not make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written), to any person other than Franchisor, that disparages Franchisor or any of its affiliates, the System, or the Proprietary Marks or is likely in any way to harm the business or the reputation of Franchisor or any of its affiliates, the System, or the Proprietary Marks, or any of Franchisor's former, present, or future managers, directors, officers, members, stockholders, employees, vendors, customers, successors, or assigns

17 7 **Compliance With Anti-Terrorism Laws** Franchisee acknowledges that under applicable U S law, including Executive Order 13224, signed on September 23, 2001 (the "**Executive Order**"), Franchisor is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee, is designated under the Executive Order as a person with whom business may not be transacted by Franchisor, and that Franchisee (a) does not, and hereafter will not, engage in any terrorist activity, (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity, and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity

17 8 **No Defense** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17 Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17

17 9 **Independent Covenants** The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 17 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 the covenant that imposes the maximum duty on Franchisee permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17

17 10 **Irreparable Injury** Franchisee acknowledges that Franchisee's violation of any of the terms of this Section 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17

17 11 **Franchisor's Costs and Expenses** Franchisee will pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provision of this Section 17

17 12 **Privacy Laws** During the Term, Franchisee will (a) comply with all applicable data protection and privacy laws and regulations in any relevant jurisdiction (collectively, the "**Privacy Laws**"), (b) comply with all of Franchisor's requirements regarding the Privacy Laws if and as set forth in the Operating Standards on Tools & Forums, (c) refrain from putting Franchisor or its affiliates in breach of any of the Privacy Laws, (d) do and execute, or arrange to be done and executed, each act, document, and thing necessary or desirable to keep Franchisor and its affiliates in compliance with any of the Privacy Laws, and (e) permit Franchisor and its affiliates to use, in compliance with the Privacy Laws, any data or other information they gather concerning Franchisee and its affiliates in connection with the establishment, operation, and franchising of Franchised Businesses under the System by Franchisor and its affiliates

Item 41 CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18 1 **Legal Status** If Franchisee is a corporation, partnership, or limited liability company, Franchisee warrants that it is a new legal entity formed solely for the purpose of operating the Koko FitClub franchised hereunder

18 2 **Franchisee Corporation** If Franchisee (or any successor to or assignee of Franchisee) is a corporation, Franchisee will comply with the following requirements

18 2 1 Franchisee must be newly organized and its charter must at all times provide that its activities are confined exclusively to operating the Franchised Business

18 2 2 Franchisee will promptly furnish to Franchisor copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement

18 2 3 Unless Franchisee is a publicly-traded corporation, Franchisee will maintain stop-transfer instructions against the transfer on its records of any equity securities, and each stock certificate of Franchisee will have conspicuously endorsed upon its face a

statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement

18 2 4 Franchisee will maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and will complete the Disclosure of Franchisee Owners attached hereto as Exhibit D

18 3 **Franchisee Partnership** If Franchisee (or any successor to or assignee of Franchisee) is a partnership, Franchisee will comply with the following requirements

18 3 1 Franchisee will furnish Franchisor with a copy of its partnership agreement as well as all related documents that Franchisor reasonably requests, and any amendments thereto

18 3 2 Franchisee's partnership agreement will at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer of those rights are subject to, all restrictions imposed upon assignments by this Agreement

18 3 3 Franchisee will complete the Disclosure of Franchisee Owners attached as Exhibit D

18 4 **Franchisee Limited Liability Company** If Franchisee (or any successor to or assignee of Franchisee) is a limited liability company, Franchisee will comply with the following requirements

18 4 1 Franchisee must be newly organized and its articles of organization must at all times provide that the Franchisee's activities are confined exclusively to operating the Franchised Business

18 4 2 Franchisee will furnish Franchisor with a copy of its articles of organization and operating agreement as well as all other governing documents that Franchisor reasonably requests, and any amendments to any of them

18 4 3 Franchisee's articles of organization and operating agreement must at all times note conspicuously that membership rights in Franchisee are held subject to, and that further assignment or transfer of those rights are subject to, all restrictions imposed upon assignments by this Agreement

18 4 4 Franchisee will prepare and furnish to Franchisor, upon request, a list of all members in Franchisee or parties that hold any ownership interest in the Franchisee and will complete the Disclosure of Franchisee Owners attached as Exhibit D

18 5 **Guarantee and Indemnification** If Franchisee is a corporation, partnership or limited liability company, or if any successor to or assignee of Franchisee is a corporation, partnership, or limited liability company, then all of the principals of Franchisee will execute a Guarantee, Indemnification, and Acknowledgment in the form attached as either Exhibit E-1 or Exhibit E-2

Exhibit E-1 will be signed by (a) all principals of Franchisee with an ownership interest of 20% or more, and (b) by the principal who has the largest owner ship interest if no principal owns 20% or more of Franchisee Exhibit E-2 will be signed by all other principals of Franchisee

Item 42 TAXES, PERMITS, AND LICENSES

19 1 **Payment of Taxes** Franchisee will promptly pay when due all taxes levied or assessed on Franchisee's operations, including the employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business Franchisee will pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement

19 2 **Contesting Taxes** If Franchisee has any bona fide dispute as to 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 may 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, or any improvements to the Premises

19 3 **Permits and Licenses** Franchisee will comply with all federal, state, and local laws, rules, and regulations, including the ADA and other laws regarding the construction, design, and operation of the Franchised Business, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including licenses to do business, fictitious name registrations, sales tax permits, health permits, building permits, handicap permits and fire clearances Franchisee will submit copies of all the permits, certificates and licenses to Franchisor and will cooperate with Franchisor and any leasing company, lender, or other third party regarding licenses and permits

19 4 **Notification of Adverse Action** Franchisee will immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business

Item 43 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20 1 **Independent Contractor** Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them for any purpose, and acknowledge that Franchisee will be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever During the term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Franchisor Franchisee agrees to take the action as may be necessary to do so, including exhibiting a notice of that fact in a

conspicuous place at the Premises and on all business forms and stationery, the content of which Franchisor reserves the right to specify or approve

20 2 **No Authority to Contract** Nothing in this Agreement authorizes Franchisee 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 Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor will Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor

20 3 **Indemnification** Franchisee will indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors, and employees against any and all claims, losses, costs, expenses, liabilities, and damages, including any liability arising from labor or employment law violations, arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them If Franchisor incurs any costs or expenses, including legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee will reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this section will survive the termination or expiration of this Agreement Nothing will preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution

Item 44 APPROVALS AND WAIVERS

21 1 **Approval and Consent** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor therefor, and the approval or consent must be obtained in writing

21 2 **No Warranties or Guarantees** Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor However, Franchisor will honor the product warranties as are attached to the equipment used by Franchisee in its Koko FitClub

21 3 **No Waiver** No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition under this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement Waiver by Franchisor of any particular default of Franchisee will not affect or impair Franchisor's rights with respect to any subsequent default of the same,

similar, or different nature, nor will any delay, failure, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants of this Agreement, affect or impair Franchisor's right to exercise the same, nor will those actions constitute a waiver by Franchisor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement before the expiration of its term Subsequent acceptance by Franchisor of any payments due to it under this Agreement will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement

Item 45 GRANT OF SECURITY INTEREST

As security for the payment of all amounts from time to time owing by Franchisee to Franchisor under this Agreement and all other agreements between the parties, and performance of all obligations to be performed by Franchisee, Franchisee grants to Franchisor a security interest in all of the assets of Franchisee, including all equipment, furniture, fixtures, membership contracts, and building and signs, as well as all proceeds of the foregoing (the "**Collateral**") Franchisee warrants and represents that this security interest is prior to all other security interests in the Collateral, except bona fide purchase money security interests or security interests held by financial institutions, if any Franchisee agrees not to remove the Collateral, or any portion of the Collateral, from the Premises without the prior written consent of Franchisor Upon the occurrence of any event entitling Franchisor to terminate this Agreement or any other agreement between the parties, Franchisor will have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Franchised Business is located, including the right to take possession of the Collateral Franchisee agrees to execute and deliver to Franchisor financing statements or other documents that Franchisor reasonably deems necessary to perfect Franchisor's interest in the Collateral within ten days after receipt by Franchisee of the documents from Franchisor Any notices delivered or mailed in accordance with Section 23 at least 15 days before disposition of the Collateral, or any portion thereof, and, in reference to a private sale, need state only that Franchisee intends to negotiate such a sale

Item 46 NOTICES

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

Notices to Franchisor

Koko FitClub
300 Ledgewood Place
Rockland, MA 02370
Attn VP Finance and Accounting

Notices to Franchisee

_____
_____
_____
Attn _____

Any notice by a means which affords the sender evidence of delivery or rejected delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery

Item 47 ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter, 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 will 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 Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document

Item 48 SEVERABILITY AND CONSTRUCTION

25 1 **Severability** If, for any reason, any section, part, term, provision, or covenant is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, that determination will not impair the operation of, or have any other effect upon, any other portions, sections, parts, terms, provisions, or covenants of this Agreement that remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections, parts, terms, provisions, and/or covenants will be deemed not to be a part of this Agreement

25 2 **Survival** Any provision or covenant in this Agreement that expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), will survive that expiration, termination or assignment, including Sections 10, 17, and 26

25 3 **No Rights or Remedies Conferred** Except as expressly provided to the contrary, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and those of Franchisor's successors and assigns that are contemplated by Section 14, any rights or remedies under or by reason of this Agreement

25 4 **Promises and Covenants** 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, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions 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

25 5 **Non-Exhaustive Terms** The word "include" and its variations (particularly "including") is always used in its non-exhaustive sense, and can be read as if followed by a phrase such as "without limitation" or "but not limited to "

Item 49 APPLICABLE LAW AND DISPUTE RESOLUTION

26 1 **Applicable Law** This Agreement will be interpreted and construed exclusively under the laws of the Commonwealth of Massachusetts and the Federal Arbitration Act In the event of any conflict of law, the laws of Massachusetts and the Federal Arbitration Act will prevail, without regard to the application of Massachusetts's conflict-of-law rules and excluding, however, G L C 93A However, *if* (a) any provision of this Agreement is not enforceable under the laws of Massachusetts, (b) Franchisee is located outside of Massachusetts, and (c) the provision would be enforceable under the laws of the state in which Franchisee is located, then that provision will be interpreted and construed under the laws of the state in which Franchisee is located

26 2 **Mediation** Except as otherwise provided, if a dispute arises out of or relates to this Agreement, its breach, the rights and obligations of the parties, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by a mediation provider selected by Franchisor ("**Mediator**") before resorting to arbitration, litigation, or any other dispute resolution procedure The mediation will take place before a single mediator at the Mediator's office located in the principal city closest to Franchisor's principal place of business or at another location selected by Franchisor in its sole discretion The parties will each bear all of their own costs of mediation except that the fees of the mediator will be divided equally between Franchisor and Franchisee The parties agree that mediation will not be required with respect to (a) any claim or dispute involving any payment obligation of Franchisee that is more than 45 days past due, (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's confidential information, (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks, (d) any claim or dispute involving the

insurance or indemnification provisions of this Agreement, or (e) any action by Franchisor to enforce the covenants set forth in Section 17 of this Agreement

26 3 **Arbitration** Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach of this Agreement, the rights and obligations of the parties, or the entry, making, interpretation, or performance of either party under this Agreement, which cannot be resolved by mediation under Section 26 2 or is not subject to mediation under the terms of this Agreement, will be settled by arbitration administered by an arbitration service selected by Franchisor ("**Arbitrator**") in accordance with the Arbitrator's comprehensive commercial arbitration rules and procedures The arbitration will take place before a single arbitrator at the Arbitrator's office that is nearest to Franchisor's principal business address or at another location that Franchisor selects in its sole discretion, and Franchisee agrees not to file an objection to that locale Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction The arbitrator will, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the substantially prevailing party, against the party who did not substantially prevail To the extent permitted by applicable law, no issue of fact or law will be given preclusive or collateral estoppel effect in any arbitration, except to the extent that the issue was already determined in another proceeding between the parties The parties agree that arbitration will not be required with respect to (a) any claim or dispute involving any payment obligation of Franchisee that is more than 45 days past due, (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's confidential information, (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks, (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement, or (e) any action by Franchisor to enforce the covenants set forth in Section 17 This agreement to arbitrate will survive any termination or expiration of this Agreement

The arbitration of any disputes between the parties will be conducted on an individual basis and the disputes may not be arbitrated on a class-wide basis, nor may any of these disputes be consolidated with the arbitration of any other disputes that might arise among or between the parties or any other franchisees If a court of competent jurisdiction determines that the foregoing provision is unenforceable, a dispute which either party seeks to have adjudicated on a class-wide basis, or consolidated with other disputes that may arise among or between the parties or any other franchisees, may be submitted to the Arbitrator for arbitration, in accordance with the Arbitrator's rules for class arbitrations (if any), provided, however, if the arbitrator determines that the arbitration should proceed as a class arbitration or consolidated with other disputes (a "**Class Determination Award**"), either party may obtain judicial review of the Class Determination Award In addition, if an arbitrator determines that any of the provisions contained in this Section 26 3 are unenforceable, either party may obtain judicial review of the arbitrator's determination If either party moves a court of competent jurisdiction for a review of an arbitrator's determination that any of the provisions contained in this Section 26 3 are unenforceable or an arbitrator's Class Determination Award, the arbitration proceedings will be stayed until the court has issued an order confirming or vacating the Class Determination Award

26 4 **Jurisdiction and Venue** Any action that is not otherwise subject to mediation under Section 26 2 or arbitration under Section 26 3 (including any challenge of an arbitral award), whether or not arising out of, or relating to, this Agreement, brought by Franchisee (or any principal of Franchisee) against Franchisor will be brought in the judicial district in which Franchisor has, at the time of commencement of the action, its principal place of business Franchisor may commence an action against Franchisee in any court of competent jurisdiction Franchisee waives all objections to personal jurisdiction or venue for purposes of this Section 26 4 and agrees that nothing in this Section 26 4 will be deemed to prevent Franchisor from removing an action from state court to federal court

26 5 **No Exclusivity** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy or by law or equity provided or permitted, but each will be cumulative of every other right or remedy

26 6 **Injunctive Relief** Nothing contained in this Agreement (including Section 26 2, regarding mediation) will bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions

26 7 **Limitation of Claims** Franchisee agrees that no claims by Franchisee against Franchisor arising out of, or relating to, this Agreement may be commenced by Franchisee unless brought before the earlier of (a) the expiration of one year after the act, transaction, or occurrence upon which the claim is based, or (b) one year after this Agreement expires or is terminated for any reason Any claim or action not brought within the periods required under this Section 26 7 will forever be barred as a claim, counterclaim, defense, or set off

26 8 **Franchisor's Costs and Expenses** Except as provided by Sections 26 2 and 26 3, Franchisee will pay to Franchisor all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorneys' fees, and all other expenses incurred by Franchisor in enforcing any obligation or in defending against any claim, demand, action, or proceeding related to this Agreement, including the obtaining of injunctive relief, so long as Franchisor substantially prevails in any such claim, demand, action, or proceeding

26 9 **Covenant of Good Faith** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that that covenant will not imply any rights or obligations that are inconsistent with, or in addition to, the terms of this Agreement Additionally, if applicable law implies covenant of this type, Franchisee acknowledges that (a) this Agreement (and the relationship of the parties which is inherent from this Agreement) grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations that may affect favorably or adversely Franchisee's interests, (b) Franchisor may use its judgment in exercising its discretion based on its assessment of its own interests and balancing those interests against the interests of the owners of Koko FitClubs generally (Franchisor and its affiliates and franchisees), (c) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner, so long as that discretion is not exercised in bad faith toward Franchisee, and (d) in the absence of

bad faith, no trier of fact in any legal action may substitute its judgment for Franchisor's judgment exercised in this manner

26 10 **Waiver of Right to Jury Trial, Punitive Damages, and Class Actions** Franchisor and Franchisee knowingly, voluntarily, and intentionally agree as follows

26 10 1 **Franchisor and Franchisee both expressly waive the right either may have to a trial by jury in any action, proceeding, or counterclaim brought by either of them against the other**

26 10 2 **Franchisor and Franchisee both expressly waive any claim for punitive, multiple, or exemplary damages, except that Franchisor will be free at any time to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law**

26 10 3 **Any dispute between Franchisor and Franchisee must be resolved in an individual proceeding, and may not be resolved via a class action or similar multi-party proceeding**

Item 50 FORCE MAJEURE

27 1 **Non-Performance or Delay** Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including (a) acts of God, (b) acts of war, terrorism, or insurrection, (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties, or (d) the inability of Franchisor or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any Products and Services used in the operation of the Koko FitClub If any delay occurs, any applicable time period will be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for the delay and gives to the other party prompt notice of the delay

27 2 **Delay in Making Payments** The inability of either party to obtain or remit funds will be considered within control of the party for the purpose of this Section, and therefore will not be subject to extension Franchisee will remain obligated to promptly pay all fees due and owing to Franchisor under this Agreement, without any delay or extension

Item 51 ACKNOWLEDGMENTS

28 1 **Independent Investigation** Franchisee acknowledges that it has conducted an independent investigation of the business franchised under this Agreement, and recognizes that the business venture contemplated by this Agreement is speculative and involves business risks, and that its success depends to a material extent 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, as well as other factors 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, and Franchisee represents and warrants that Franchisee has

not entered into this Agreement in reliance upon any representation, oral or written, by Franchisor as to potential or expected sales or profits

28 2 **Acknowledgment of Receipt** Franchisee represents to Franchisor (a) that Franchisee received Franchisor's Franchise Disclosure Document (with all its exhibits and this Agreement with all its exhibits) at least 14 days before signing this Agreement or paying any monies to Franchisor under this Agreement, and (b) that Franchisee received a completed copy of this Agreement and all related agreements attached to the Franchise Disclosure Document with any material changes to those agreements that were unilaterally made by Franchisor at least seven calendar days before executing this Agreement

If Franchisee is located in New York or Rhode Island, Franchisee also represents that it received Franchisor's Franchise Disclosure Document (with all its exhibits and this Agreement with all its exhibits) at the earliest of (a) the first personal meeting to discuss the franchise, (b) 10 business days before signing this Agreement, or (c) 10 business days before Franchisee made any payment to Franchisor

If Franchisee is located in Michigan or Washington, Franchisee also represents that it has received Franchisor's Franchise Disclosure Document (with all its exhibits and this Agreement with all its exhibits) at the earliest of (a) 10 business days before signing this Agreement, or (b) 10 business days before Franchisee made any payment to Franchisor

28 3 **Acknowledgment of Understanding, Opportunity to Consult** Franchisee acknowledges that it has read and understands this Agreement, the attachments to this Agreement, and all ancillary agreements relating to this Agreement (if any), and that Franchisor has accorded Franchisee ample time and opportunity to consult with an attorney or other advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate

KOKO FITCLUB, LLC

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

FRANCHISEE

_____

Witness/Attest

By _____

_____

Name _____

Date _____

Title _____

FRANCHISEE

_____

Witness/Attest

By _____

_____

Name _____

Date _____

Title _____

EXHIBIT A TO
KOKO FITCLUB
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Koko FitClub, LLC (the "**Franchisor**") and _____

_____

("**Franchisee**"), have this date, _____, 201___, entered into a Franchise Agreement (the "**Franchise Agreement**") and desire to supplement its terms, as set forth below The parties agree as follows

1 Within 120 days after Franchisee's execution of the Franchise Agreement, Franchisee will obtain a site, at Franchisee's expense, for the Koko FitClub (the "**Koko FitClub**") franchised under the Franchise Agreement, which premises will be approved by Franchisor as provided in this Site Selection Addendum The premises will be within the following territory ("**Site Selection Territory**")

_____

_____

2 Failure by Franchisee to obtain premises for the Koko FitClub within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum Time is of the essence

3 Before Franchisee's acquisition by lease or purchase of a site for the Koko FitClub, Franchisee will submit to Franchisor, in the form specified by Franchisor, a completed Request for Site Approval, all other information or materials that Franchisor reasonably requires, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for its approval within 60 days after execution of this Site Selection Addendum Franchisor will have 15 days after receipt of all required information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Koko FitClub No proposed site will be deemed approved unless it has been expressly approved in writing by Franchisor

4 Franchisor will furnish to Franchisee the following as Franchisor in its discretion elects

a Any site selection guidelines and consultation that Franchisor deems advisable

b Any on-site evaluation that Franchisor deems advisable as part of its evaluation of Franchisee's request for site approval, provided, however, that Franchisor will not provide on-site evaluation for any proposed site before Franchisor's receipt of the information or materials required by Paragraph 3 For each on-site evaluation (if any) conducted by

Franchisor, Franchisor reserves the right to require Franchisee to reimburse Franchisor for Franchisor's reasonable expenses, including the costs of travel, lodging, and meals

c Any assistance for lease negotiation that Franchisor deems advisable

5 If Franchisee will occupy the premises of the Koko FitClub under a lease, then before execution of the lease, Franchisee will (a) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as Exhibit F to the Franchise Agreement, (b) have the lease, the Conditional Assignment of Lease, and the Consent and Agreement of Lessor reviewed by Franchisee's lawyer and/or business advisor, and (c) submit the lease to Franchisor for its prior written approval Franchisor's approval of the lease may be conditioned upon the inclusion of the following terms and conditions

a The initial term of the lease (or the initial term together with renewal terms), will be for not less than ten years

b The lessor consents to Franchisee's use of Franchisor's Proprietary Marks and the signage prescribed by Franchisor

c The use of the premises is restricted solely to the operation of a Koko FitClub

d Franchisee is prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent

e The lessor will provide to Franchisor copies of all notices of default given to Franchisee under the lease

f Franchisor may enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease

g Franchisor may, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, assume all of Franchisee's rights under the lease terms, including the right to assign or sublease

6 Franchisee will furnish Franchisor with a copy of any executed lease within five days after execution

7 After a site for the Koko FitClub has been approved in writing by Franchisor and obtained by Franchisee pursuant to Paragraph 3, the site will constitute the Approved Location referred to in Section 1 2 of the Franchise Agreement

8 Franchisee acknowledges that Franchisor's approval 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 Koko FitClub or for any other purpose or the site's compliance with any federal, state, and local laws, codes and regulations, including the Americans with Disabilities Act and other laws regarding the construction, design, and operation of the Koko FitClub Franchisor's approval 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 may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, after Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease Those types of factors are unpredictable and are beyond Franchisor's control Franchisor will not be responsible for the failure of a site to meet Franchisee's expectations as to revenue or operational criteria Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Koko FitClub at the site is based on its own independent investigation of the suitability of the site

9 This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties, and the terms of this Site Selection Addendum will be controlling with respect to the subject matter Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are ratified and confirmed

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate

KOKO FITCLUB, LLC

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

FRANCHISEE

_____

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

FRANCHISEE

_____

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

EXHIBIT B TO
KOKO FITCLUB
FRANCHISE AGREEMENT

ADA CERTIFICATION

Koko FitClub, LLC ("**Franchisor**") and _____ ("**Franchisee**") are parties to a franchise agreement dated _____, 201___ (the "**Franchise Agreement**") for the operation of a Koko FitClub at _____ _____ (the "**Franchised Business**") In accordance with Section 5 5 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including the Americans with Disabilities Act Franchisee acknowledges that Franchisor has relied on the information contained in this certification

Franchisee will indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same

IN WITNESS WHEREOF, the undersigned has executed this ADA Certification on _____ _____, 201__

FRANCHISEE

_____

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

FRANCHISEE

_____

Witness/Attest

By _____

_____ Name _____

Date _____ Title _____

EXHIBIT C TO
KOKO FITCLUB
FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

Directions Each Franchisee manager and any employee who attends a training program required by Franchisor and who has access to Franchisor Confidential Information will complete and sign one copy of this Confidentiality and Non-Competition Agreement and the Franchisee will return it to the Franchisor

Print your name		
Your address (street, town, state, ZIP)	Street	
	Town	
	State	ZIP Code
Your phone number (with area code)	( )	
Name of your employer (the "Employer")		
City and State in which your employer is located	City	State
Identify the position you hold or will hold with your employer		

In consideration of your position with the above employer (the "**Employer**"), you, the undersigned, hereby acknowledge and agree that

1 **Confidentiality Agreement** Your Employer operates a franchised Koko FitClub (the "**Franchised Business**") under a franchise agreement with Koko FitClub, LLC (the "**Franchisor**") During the term of your employment with your Employer and for all time thereafter, you agree not to communicate, divulge, or use for the benefit of any person or entity (such as a partnership, association, limited liability company, corporation, or other entity) any confidential information, knowledge, or know-how concerning the training you receive and the methods of operation of the Franchised Business that may be communicated to you by virtue of your employment or affiliation with your Employer Any and all information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential will be deemed confidential for purposes of this Confidentiality and Non-competition Agreement (this "**Agreement** ")

2 **Non-Competition Agreement** You agree you will receive valuable information about the Franchisor's system of operation (the "**System**"), and this information would not have been

given to you, without your execution of this Agreement You covenant that while you are employed by your Employer, and for a continuous uninterrupted period of two years beginning when your employment or affiliation with your Employer ends, you may not in any way (directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity) (a) divert or attempt to divert any present or prospective business or customer of any Koko FitClub 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 Franchisor's marks or its System, or (b) own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which (i) is the same as, or substantially similar to, a Koko FitClub, including a similar electronically guided exercise business, or (ii) offer to sell or sell any services, equipment, product, or other item which is the same as, or substantially similar to, any of the services, equipment, product, or other items offered by a Koko FitClub where the sale of those services, equipment, product, or other item constitutes 10% or more of the gross sales of the retail business

Exceptions to the restrictions in this Paragraph 2 After your termination of employment or affiliation with your Employer, the restrictions in this Paragraph 2 apply only to such a business located within the Territory of your Employer's Koko FitClub (which you acknowledge has been explained to you), 25 miles of your Employer's Koko FitClub, or 25 miles of any other Koko FitClub The Franchisor has the right, but not the obligation, at any time, to reduce the scope of any covenant in this Paragraph 2 or any portion of any covenant in this Paragraph 2, without your consent, effective immediately upon receipt by you of written notice, and you will comply immediately with any covenant as so modified, which will be fully enforceable without regard to any other provision of this Paragraph 2

3 **Third-party beneficiary** The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely or jointly with your Employer at the Franchisor's sole discretion Any violation of this Agreement will cause the Franchisor and your Employer irreparable harm, and, therefore, the Franchisor or your Employer, or both, may apply for the issuance of an injunction preventing you from violating this Agreement in addition to any other remedies it or they may have hereunder, at law or in equity

I have read and understand this Confidentiality and Non-competition Agreement I agree to be bound by this Confidentiality and Non-competition Agreement I have a copy of this Confidentiality and Non-competition Agreement

This Agreement will be construed under the laws of the Commonwealth of Massachusetts Except as provided in Paragraph 2 above, the only way this Agreement can be changed is in a writing signed by the Franchisor, your Employer and you

ACKNOWLEDGED BY YOU

By _____

Name _____

Date _____

EXHIBIT D TO
KOKO FITCLUB
FRANCHISE AGREEMENT

DISCLOSURE OF FRANCHISEE OWNERS

1 **Franchisee Owners** You acknowledge and agree that the following is a complete list of all of the shareholders, partners, or members of Franchisee and the percentage interest of each individual as of the Agreement Date set forth in the Franchise Agreement

Name	Position	Percent interest

2 **Changes in Franchisee Owners** You agree to notify in writing the Franchisor of any changes to the Franchisee Owners

IN WITNESS WHEREOF, the Franchisee has executed this Exhibit D on the Agreement Date set forth in the Franchise Agreement

Name of Franchisee	

Print name Title

Print name Title

Print name Title

Print name Title

EXHIBIT E-1 TO
KOKO FITCLUB
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT
(for execution by all owners of Franchisee with 20% or more ownership interest)

As an inducement to Koko FitClub, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and _____ ("Franchisee") dated _____, 201__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed

Upon demand by Franchisor, the undersigned will immediately make each payment to Franchisor required of Franchisee under the Agreement The undersigned hereby 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, or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee Without affecting the obligations of the undersigned under this Guarantee, 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 The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and mediation 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 acknowledge and agree to be individually bound by all of the confidentiality provisions, post-termination obligations, and non-competition covenants contained in Sections 10, 16, and 17 of the Agreement

This Guarantee will 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 will 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 will remain in force according to their terms Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors will continue in full force and effect

Unless specifically stated otherwise, the terms used in this Guarantee will have the same meaning as in the Agreement, and will be interpreted and construed in accordance with Section 26 of the Agreement All of the provisions of Section 26 of the Agreement are expressly incorporated into this Guarantee This Guarantee will be interpreted and construed under the

laws of the Commonwealth of Massachusetts In the event of any conflict of law, the laws of Massachusetts will prevail, without regard to, and without giving effect to, the application of the Massachusetts conflict of law rules

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Agreement by reference, and references to "Franchisee" and the "Franchise Agreement" therein will be deemed to apply to "Guarantors" and this "Guarantee," respectively

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

Notices to Franchisor

Koko FitClub, LLC
300 Ledgewood Place
Rockland, MA 02370
Attn VP Finance and Accounting

Notices to Guarantors

_____
_____
_____
Attn _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery will be deemed to have been given at the date and time of receipt or rejected delivery

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement

GUARANTORS

_____

Name (printed) _____

Ownership % _____

_____

Name (printed) _____

Ownership % _____

_____

Name _____

Ownership % _____

STATE OF _____)

)

COUNTY OF _____)

Personally appeared before me this ____ day of _____, 201___,

_____, _____, and

_____, to me known to be the persons who executed the

foregoing Guarantee

Notary Public _____

(NOTARY SEAL)

My Commission Expires _____

EXHIBIT E-2 TO
KOKO FITCLUB
FRANCHISE AGREEMENT

NON-FINANCIAL GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

(for execution by all owners of Franchisee with less than 20% ownership interest)

As an inducement to Koko FitClub, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and _____ ("Franchisee") dated _____, 201__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally agree to be personally bound by, and personally liable for his or her own breach of, the following Sections of the Agreement 2 2 8, 7 1, 7 22, 7 24, 8 2, 8 3, 9, 10, 14 3 3, 14 3 4, 16 (excluding Section 16 7), 17 2, 17 3, 17 6, 17 7, 17 8, 18 5, 20 1, 20 2, 21, 25, 26 (excluding Section 26 8), and 28

The undersigned hereby waive any right to require Franchisor to (a) proceed against Franchisee to enforce any obligation under the Agreement, (b) proceed against or exhaust any security from Franchisee, or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee Without affecting the obligations of the undersigned under this Guarantee, 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 The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement

This Guarantee will 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 will 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 will remain in force according to their terms Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors will continue in full force and effect

Unless specifically stated otherwise, the terms used in this Guarantee will have the same meaning as in the Agreement, and will be interpreted and construed under the laws of the Commonwealth of Massachusetts In the event of any conflict of law, the laws of Massachusetts will prevail, without regard to, and without giving effect to, the application of the Massachusetts conflict of law rules The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Agreement by reference, and references to "Franchisee" and the "Franchise Agreement" therein will be deemed to apply to "Guarantors" and this "Guarantee," respectively

Any and all notices required or permitted under this Guarantee will be in writing and will be personally delivered, sent by registered mail, or sent by other means which

afford the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor

Koko FitClub, LLC
300 Ledgewood Place
Rockland, MA 02370
Attn VP Finance and Accounting

Notices to Guarantors

_____
_____
_____
Attn _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery will be deemed to have been given at the date and time of receipt or rejected delivery

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement

GUARANTORS

_____

Name (printed) _____

Ownership % _____

_____

Name (printed) _____

Ownership % _____

_____

Name _____

Ownership % _____

STATE OF _____)

)

COUNTY OF _____)

Personally appeared before me this ____ day of _____, 201___,

_____, _____, and

_____, to me known to be the persons who executed

the foregoing Guarantee

Notary Public _____

(NOTARY SEAL)

My Commission Expires _____

EXHIBIT F (Part 1) TO
KOKO FITCLUB
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("**Assignor**") hereby assigns and transfers to Koko FitClub, LLC, a Delaware limited liability corporation ("**Assignee**"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "**Lease**") respecting Premises commonly known as _____ _____ This Assignment is for collateral purposes only and, except as specified, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms and assumes the obligations of Assignor thereunder

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby

Upon a default by Assignor under the Lease or under the franchise agreement for a Koko FitClub between Assignee and Assignor (the "**Franchise Agreement**"), or if Assignor defaults by Assignor under any document or instrument securing the Franchise Agreement, Assignee will have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that the option must be exercised, unless Assignee otherwise agrees in writing If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal

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WITNESS ASSIGNOR

_____ By _____

Name _____

WITNESS

_____ By _____

Name _____

STATE OF _____)

)

COUNTY OF _)

Personally appeared before me this ____ day of _____, 201___, _____ and _____, to me known to be the persons who executed the foregoing Guarantee

Notary Public _____

(NOTARY SEAL)

My Commission Expires _____

EXHIBIT F (Part 2) TO
KOKO FITCLUB
FRANCHISE AGREEMENT

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord under the Lease described above for the Premises located at

_____

_____

_____hereby

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease,

(b) Agrees that Assignee will have the right, but will not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above,

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease, and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who will agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise

DATED _____ LANDLORD

By _____

Name _____

EXHIBIT G TO
KOKO FITCLUB
FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEPOSIT)

_____ (Name of Legal Entity)

_____ (Federal ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorize Koko FitClub, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions

_____	_____	_____
Depository	Branch	
_____	_____	_____
City	State	Zip
_____	_____	_____
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination Franchisee agrees not to close Franchisee's Bank Account without prior notice to Franchisor and the establishment of a substitute bank account authorizing electronic funds transfers initiated by Franchisor (a replacement Exhibit G) Failure of Franchisee to provide Franchisor with a bank account from which Franchisee and Franchisor are legally authorized to withdraw funds and written authorization to Franchisor for transferring funds electronically from Franchisee's Bank Account will be a material default of the Franchise Agreement

Printed Name of Depositor

(Bank Account Holder) _____

Signed (Franchisee) _____

Printed Name _____

Title _____

Date _____

EXHIBIT H

KOKO XPRESS ADDENDUM

This Addendum, made this _____ day of _____, 20 __, is hereby made part of the Koko FitClub, LLC Franchise Agreement (hereinafter "the Agreement"), by and between _____ (hereinafter "Franchisee") and Koko FitClub, LLC (Hereinafter "Franchisor")

RECITALS

A Franchisor grants qualified persons the right to own and operate a single KOKO XPRESS club under the Marks and in strict accordance with System, and

B Franchisee is desirous of entering into an agreement with Franchisor so as to be able to obtain the rights to operate a KOKO XPRESS club using the System developed by Franchisor,

C Except as it may be modified by this Addendum, the Agreement and all its terms and provisions are hereby ratified and affirmed

DEFINITIONS

"Confidential Information" means any trade secret or any information that is competitively sensitive and not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which stored, relating to the KOKO XPRESS System, including the Operating Standards, other information on Tools & Forums or other published vehicles, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement,

"Cooperative Advertising" means the advertising program established for KOKO XPRESS clubs within a particular region,

"Facility" means the KOKO XPRESS club, including all leasehold improvements either located at or to be located at the Authorized Location,

"Franchised Business" means the KOKO XPRESS club to be carried on by Franchisee in accordance with the System pursuant to this Agreement,

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of a KOKO XPRESS club

TERMS OF ADDENDUM

In consideration of the mutual covenants, agreements, terms and conditions herein contained and the acts to be performed by the respective parties, hereto, Franchisor and Franchisee agree as follows

8 Operating Standards

A **General Operation** - Franchisee will use the Marks and the System in strict compliance with the standards, procedures, specifications, and requirements which are required of all KOKO XPRESS franchisees

B **Authorized Products and Services** - Franchisee shall offer for sale at the Franchised Business only those products, services and other items that Franchisor approves and shall not offer for sale or sell or provide through the Franchised Business or the Facility which it occupies any products or services which Franchisor has not approved or use such Facility for any purpose other than the operation of a KOKO XPRESS club in full compliance with this Agreement and the Operating Standards and the Tools & Forums

C **Compliance with Good Business Practices** - Franchisee acknowledges that each and every detail of the quality of customer service, appearance and demeanor of Franchisee's employees, and items offered for sale by Franchisee is important to Franchisor and to other KOKO XPRESS clubs To this end, Franchisor shall endeavor to maintain high standards of quality and service Franchisee shall in all dealings with its customers, vendors, and the general public adhere to the highest standards of honesty, fair dealing, moral and ethical conduct

D **Maintenance and Repair** - Franchisee shall, at its expense, maintain in "like new" condition the equipment, signage, improvements, landscaping and the general Authorized Location for the Franchised Business in conformity with the standards of the KOKO XPRESS System Franchisee agrees to refinish or repaint the exterior and interior of the KOKO XPRESS Franchised Business at Franchisee's costs at such times as reasonably directed by Franchisor

9 Franchisor's Ongoing Operations Assistance

A **General Advice and Guidance** - From time to time, Franchisor may advise and offer general guidance to Franchisee by telephone, electronic mail, facsimile, newsletters and other methods Such guidance shall be based on the experience of Franchisor and gleaned from other franchisees in operating KOKO XPRESS clubs

B **System Improvements** - Franchisor will communicate improvements in the KOKO XPRESS System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System

10 Franchisee's Obligation Upon Expiration Or Termination

A **Post-Term Duties** - Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee will

(1) assign to Franchisor any assumed name or equivalent registration filed with state, city, or county authorities which contains the name "KOKO XPRESS" or any of the Marks

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement

FRANCHISOR

Koko FitClub, LLC

By _____

Name _____

Title _____

FRANCHISEE

[type/print name]

By _____

Name _____

Title _____

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EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT

KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

Company Confidential

KOKO FITCLUB

AREA DEVELOPMENT AGREEMENT

KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT
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EXHIBIT A – DEVELOPMENT AREA

EXHIBIT B – DEVELOPMENT SCHEDULE

EXHIBIT C – FRANCHISE AGREEMENT

EXHIBIT D – DISCLOSURE OF DEVELOPER PRINCIPALS

KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Development Agreement") is entered on _____ _____, 201__, by and between Koko FitClub, LLC, a Delaware limited liability company with its principal place of business at 300 Ledgewood Place, Rockland, Massachusetts, 02370 ("Koko"), and _____ _____, a ____(type of legal entity)_____with its principal place of business at _____ _____ ("Developer")

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system relating to the establishment and operation of Koko FitClubs (the "System"), which feature and offer for sale to the public membership to a specialty health and fitness club with patented Smartrainer and KokoCardio fitness equipment for use by members, personalized technology and software programs which develop individually customized exercise plans for Koko FitClub members, guides them through their daily workouts and provides them with website tracking of their health and fitness activity, a Koko FitCheck body assessment system that measures each member's unique body composition and Koko Metabolic Rate, the data from which enables customized nutritional plans via Koko Fuel, various merchandizing relating to health and fitness, and such other proprietary and non-proprietary products and services as Franchisor may designate from time to time (the "Products and Services"), under the trade name "Koko FitClub," all of which Franchisor may change from time to time,

WHEREAS, the distinguishing characteristics of the System include, without limitation, exercise equipment, technology, and health and fitness programs, including the Koko Smartrainer and KokoCardio with Koko Key customization, Koko FitCheck, and Koko Fuel, distinctive exterior and interior designs and decor, uniform standards, specifications and procedures for operations, training and assistance, Products and Services, and advertising and promotional programs, all of which may be changed, improved and further developed by Koko from time to time,

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, "Koko," "Koko FitClub," "Koko Fitness," "Smartrainer," "KokoCardio", "Koko FitCheck", "Koko Fuel" and "Koko Key" as are now designated and may hereafter be designated by Koko in writing for use in connection with the System (collectively, the "Proprietary Marks"),

WHEREAS, Koko continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed

thereunder and under the System, and to represent the System's high standards of quality, appearance, and service,

WHEREAS, Developer wishes to obtain certain development rights to operate Koko FitClubs under the System and Proprietary Marks, and wishes to obtain franchises from Koko for that purpose,

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

1 GRANT

1 1 Koko hereby grants to Developer the right, and Developer undertakes the obligation, pursuant to the terms and conditions of this Development Agreement, to establish and operate _____ (_____) Koko FitClubs or _____ (_____) Koko Xpresses ("Koko FitClubs," "Koko Xpress" or "Franchised Businesses") and to use the System solely in connection therewith, at specific locations to be designated in separate Koko FitClub Franchise Agreements ("Franchise Agreement(s)"), executed as provided in Section 3 1 hereof, and pursuant to the development schedule ("Development Schedule") referred to in Section 3 5 hereof Each Koko FitClub (Koko Xpress) developed hereunder will be located in the Development Area described in Exhibit A attached hereto

1 2 Each Koko FitClub (Koko Xpress) to be developed hereunder will be established and operated pursuant to a separate Franchise Agreement to be entered into between Developer and Koko in accordance with Section 3 1 hereof

1 3 This Development Agreement is not a Franchise Agreement, and does not grant to Developer any right to use in any manner the Proprietary Marks or System

1 4 Developer will have no right under this Development Agreement to license or franchise others to use in any manner the Proprietary Marks or System

1 5 Except as otherwise provided in this Development Agreement or in the Franchise Agreement, during the term of this Development Agreement, Koko will not establish or operate, nor license any party other than Developer to establish or operate, any Koko FitClub or Koko Xpress under the System and the Proprietary Marks in the Development Area, provided, however, that Developer acknowledges and agrees that Koko retains the following rights, among others

1 5 1 Koko retains the right outside of the Development Area (a) to establish and operate, and license others to establish and operate, a Koko FitClub or Koko Xpress under the System and the Proprietary Marks, regardless of its proximity to the Development Area, (b) to establish and operate, and license others to establish and operate, any business of any kind

under different proprietary marks, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or indirectly, any Products and Services from any location, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services to individuals for at-home use and to other purchasers and businesses, including but not limited to hotels, office buildings, and other fitness clubs, and (e) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Developer under the System and Proprietary Marks

1 5 2 Koko retains the right within the Development Area (a) to sell to, solicit, or direct advertising or promotional materials to customers located in the Development Area, (b) to establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks at any location, other than a business that uses the Smartrainer with Koko Key customization technology, (c) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or indirectly, any Products and Services, other than the Smartrainer with Koko Key customization technology, from any location other than a Koko FitClub or Koko Xpress, including, but not limited to, sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet), (d) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to individuals for at-home use, (e) to offer and sell any Products and Services, except for the Smartrainer with Koko Key customization technology, to other purchasers and businesses, including but not limited to hotels, office buildings, and other fitness clubs, and (f) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Developer under the System and Proprietary Marks, other than a business that uses the Proprietary Marks and the Smartrainer with Koko Key customization technology

2 DEVELOPMENT FEE

2 1 In consideration of the development rights granted herein, Developer has paid to Koko a development fee of _____ Dollars ($_____) ("Development Fee"), receipt of which is hereby acknowledged The Development Fee is nonrefundable and has been fully earned by Koko as of the date of this Agreement in consideration for, among other things, the development opportunities lost or deferred as a result of the rights granted Developer herein, conducting market and trade area analysis, performing personal and corporate background investigations, and administrative and other expenses incurred by Koko Developer agrees and acknowledges that all of Koko's duties and obligations under this Agreement have been fully performed and completed prior to Developer's execution of this Agreement and prior to Koko's receipt of the Development Fee, accordingly, for tax purposes, Koko recognizes the Development Fee, in full, upon receipt

2 2 Except as otherwise provided herein, Koko will credit Thirty-Nine Thousand Dollars ($39,000) of the Development Fee against the initial franchise fee for the first Koko FitClub successfully opened and will credit Ten Thousand Dollars ($10,000) of the Development Fee against the initial franchise fee payable under each Franchise Agreement to be executed hereunder for all subsequent Koko FitClubs, which credit will be made upon Developer's execution of the Franchise Agreement for such Koko FitClub

3 DEVELOPMENT OBLIGATIONS AND DEVELOPMENT SCHEDULE

3 1 The Franchise Agreement for each Koko FitClub (Koko Xpress) to be developed hereunder will be executed by Developer and Koko at least eight (8) months prior to the opening deadline for the Koko FitClub (Koko Xpress) as set forth in the Development Schedule The Franchise Agreement for the first Koko FitClub (Koko Xpress) to be developed will be in the form of the Franchise Agreement attached hereto as Exhibit C The Franchise Agreement for each subsequent Koko FitClub (Koko Xpress) to be developed pursuant to the Development Schedule described in Exhibit B hereunder will be in the form of the Franchise Agreement being offered by Koko to franchisees at the time the site for each Koko FitClub (Koko Xpress) is approved by Koko, the terms of which may differ from the terms of the Franchise Agreement attached hereto as Exhibit C

3 2 In accordance with the Franchise Agreement, prior to Developer's acquisition by lease or purchase of any site for a Koko FitClub (Koko Xpress), Developer will submit to Koko, in the form specified by Koko in the Franchise Agreement, a completed site review form, such other information or materials as Koko may reasonably require, and a letter of intent or other evidence satisfactory to Koko which confirms Developer's favorable prospects for obtaining the proposed site Recognizing that time is of the essence, Developer agrees that Developer must submit a proposed site, together with the information and materials required by this Paragraph 3 2, to Koko for its approval within sixty (60) days after execution of the Franchise Agreement Koko will have fifteen (15) days after receipt of such information and materials from Developer to approve or disapprove, in Koko's sole discretion, the site as a location for the Koko FitClub (Koko Xpress) No proposed site will be deemed approved unless it has been expressly approved in writing by Koko

3 3 Developer will acquire or lease the site for each Koko FitClub (Koko Xpress) in accordance with the procedures set forth in the Site Selection Addendum attached to the Franchise Agreement as Exhibit A Developer may not open a Koko FitClub (Koko Xpress) at a site unless and until such site has been approved by Koko as an approved location in accordance with the Site Selection Addendum

3 4 If Developer intends to open a Koko FitClub (Koko Xpress) on premises subject to a lease or pursuant to a purchase agreement, Developer will follow the approval procedures that are in its corresponding Franchise Agreement

3 5 Recognizing that time is of the essence, Developer agrees to satisfy the Development Schedule set forth in Exhibit B to this Development Agreement Failure by Developer to adhere to any of the deadlines in the Development Schedule will constitute a default under this Development Agreement, as provided in Section 8 4 hereof

3 6 After the commencement of operation of the final Koko FitClub (Koko Xpress) developed hereunder, Koko may, in its sole discretion, develop additional Koko FitClubs or Koko Xpresses, either by establishment of Koko-owned units, affiliate-owned units, or franchised units, within the Development Area

4 TERM

Unless sooner terminated in accordance with the provisions of this Development Agreement, the term of this Development Agreement and all rights granted hereunder will expire on the earlier of (1) the last date specified in the Development Schedule, or (2) the date when Developer has open and in operation all of the Koko FitClubs (Koko Xpresses) required by the Development Schedule

5 DUTIES OF THE PARTIES

5 1 With respect to each Koko FitClub (Koko Xpress) to be developed pursuant to the Development Schedule, Koko's obligations will be limited to those set forth in the Franchise Agreement for such Koko FitClub (Koko Xpress)

5 2 Developer accepts the following obligations

5 2 1 If Developer is a corporation, Developer will comply with the following requirements throughout the term of this Development Agreement

5 2 1 1 Developer will furnish Koko with its Articles or Certificate of Incorporation, Bylaws, other governing documents, and any other documents Koko may reasonably request, and any amendments thereto,

5 2 1 2 Developer will confine its activities, and its governing documents, if any, will at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Koko FitClubs (Koko Xpresses) to be developed hereunder,

5 2 1 3 Developer will maintain stop transfer instructions against the transfer on its records of any securities, and will issue no securities upon the face of which the following printed legend does not legibly and conspicuously appear

> The transfer of ownership of shares represented by this Certificate is subject to the terms and conditions of a Development Agreement with Koko FitClub, LLC

dated _____, 201__ Reference is made to the provisions of the Development Agreement and to the Articles and Bylaws of this Corporation

Notwithstanding the above, the requirements of this Section 5 2 1 3 will not apply to a corporation which has securities registered under the Securities Exchange Act of 1934 ("publicly-held corporation"), and

5 2 1 4 Developer will maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Developer and will complete and update as necessary the Disclosure of Developer Owners attached as Exhibit D hereto

5 2 2 If Developer is a partnership or other legal entity, Developer will comply, except as otherwise approved in writing by Koko, with the following requirements throughout the term of the Development Agreement

5 2 2 1 Developer will furnish Koko with a copy of its partnership agreement and/or other organizational documents, as well as such other documents as Koko may reasonably request, and any amendments thereto, which will contain a restriction on transfer of any partnership or other interest without the prior written consent of Koko, and

5 2 2 2 Developer will complete the Disclosure of Developer Owners attached as Exhibit D hereto

5 2 3 Developer may not, during the term of this Development Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, any confidential information, knowledge, know-how, or techniques ("Confidential Information") which may be communicated to Developer, or of which Developer may be appraised, by virtue of Developer's operation under the terms of this Development Agreement Developer may not at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person Developer will divulge such Confidential Information only to such of its employees as must have access to the Confidential Information in connection with their employment Any and all such Confidential Information and other data which Koko designates as confidential will be deemed confidential for purposes of this Development Agreement

5 2 4 Developer may not enter into any agreement that would result in Developer being a subfranchisor, franchise sales agent, or any similar entity

5 2 5 Developer will comply with all terms and conditions set forth in this Development Agreement

5 2 6 Developer will comply with all requirements of federal, state, and local laws, rules, and regulations

6 CONFIDENTIAL OPERATIONS AND PROCEDURES

Franchisor will provide Developer with access to Franchisor's Confidential Owner Management System, which is currently called Tools & Forums but is subject to change by Franchisor in its sole discretion ("Tools & Forums"), which contains, among other things, Franchisor's operating standards for Koko FitClubs (Koko Xpresses) ("Operating Standards") In order to protect the reputation and goodwill of Koko and to maintain high standards of operation under our Proprietary Marks, Developer will conduct its business in accordance with the Operating Standards on Tools & Forums, or otherwise in writing, to which Developer acknowledges having been granted access by Koko for the term of this Agreement With respect to Franchisor's Operating Standards, and as documented in Tools & Forums, or otherwise in writing, Developer agrees to be bound by the provisions referring to and setting forth the obligations regarding the operations of the club and business that are contained in (a) the attached Franchise Agreement (Exhibit C), including but not limited to Section 9 of the attached Franchise Agreement, and (b) the Franchise Agreements executed or to be executed for each Franchised Business established pursuant to the Development Schedule (Exhibit B)

7 TRANSFER OF INTEREST

7 1 Transfer by Koko

Koko will have the right to transfer or assign this Development Agreement and all or any part of its rights or obligations herein to any person or legal entity

7 2 No Right to Transfer by Developer

Developer understands and acknowledges that the rights and duties set forth in this Development Agreement are personal to Developer, and are granted in reliance on Developer's (or, if Developer is a corporation, partnership, or limited liability company, its principals', partners' or members') business skill, financial capacity, and personal character Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Development Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Developer, this Development Agreement, or the assets of Developer's business, will sell, assign, transfer, convey, or give away any direct or indirect interest in the Developer, this Develop Agreement, or all or substantially all of the assets of Developer's business

8 DEFAULT AND TERMINATION

8 1 The rights granted to Developer in this Development Agreement have been granted in reliance on Developer's representations and assurances that Developer will comply

with the terms and conditions contained herein, including, without limitation, Developer's representations and assurances that the conditions set forth in Section 1 and Section 3 of this Development Agreement will be met by Developer in a timely manner

8 2 Developer will be deemed to be in default under this Development Agreement, and all rights granted herein will automatically terminate without notice to Developer, if Developer will become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer, if Developer is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any party 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 Developer, if a final judgment remains unsatisfied or of record for thirty (30) days or longer, if Developer is dissolved, or if execution is levied against Developer's business or property

8 3 Except as provided in Section 8 4, if Developer fails to comply with any term or condition of this Development Agreement, or if Koko terminates, or has the right to terminate, any Franchise Agreement executed hereunder, Koko may, at its option, terminate this Development Agreement and all rights granted hereunder, effective immediately upon the grant of written notice to Developer, and without affording Developer any opportunity to cure the default (provided, however, that the termination of a Franchise Agreement by mutual, written agreement of the parties will not, by itself, constitute grounds for termination of this Development Agreement)

8 4 If Developer fails to comply with the development obligations described in Sections 1 1 and 3 5 hereof or any of the deadlines set forth in the Development Schedule attached hereto as Exhibit B, such failure or action will constitute a default under this Development Agreement Upon such default, Koko will have the right, in its sole discretion

8 4 1 If Developer is more than thirty (30) days behind any deadline set forth in the Development Schedule, attached hereto as Exhibit B, Developers exclusive territory protection will automatically terminate Koko will have the right to establish and operate, and license others to establish and operate, Koko FitClubs and/or Koko Xpresses within the Development Area, and

8 4 2 If Developer is more than one (1) year behind any deadline set forth in the Development Schedule for commencing operations of the Koko FitClubs, attached hereto as Exhibit B, Developers exclusive territory protection will automatically terminate

8 5 Upon termination of this Development Agreement, Developer will have no right to establish any Koko FitClub or Koko Xpress for which a Franchise Agreement has not been

executed by the parties prior to termination, and Koko may establish, and may franchise others to establish, Koko FitClubs and/or Koko Xpresses in the Development Area except as may be otherwise provided under any other agreement which is then in effect between Koko and Developer

8 6 Default under this Development Agreement will constitute a default under any other Area Development Agreement between the parties hereto However, a default under this Development Agreement will not constitute a default under any Franchise Agreement between the parties hereto

8 7 No right or remedy herein conferred upon or reserved to Koko is exclusive of any other right or remedy provided or permitted by law or in equity

9 COVENANTS

9 1 Developer covenants that, during the term of the Development Agreement, except as otherwise approved in writing by Koko, Developer (or, if Developer is a corporation, partnership or limited liability company, a principal, general partner or member of Developer) or Developer's manager will devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Koko FitClubs (Koko Xpresses) to be developed hereunder

9 2 Developer specifically acknowledges that, pursuant to this Development Agreement, Developer will receive valuable Confidential Information, including, without limitation, information regarding the site selection and marketing methods and techniques of Koko and the System, and that Developer has the exclusive right and obligation to identify sites and develop the Development Area for the benefit of the System Developer covenants that, except as otherwise approved in writing by Koko, Developer may not, during the term of this Development Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation

9 2 1 Divert or attempt to divert any present or prospective business or customer of any Koko FitClub or Koko Xpress 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 our Proprietary Marks and the System, or

9 2 2 Without Koko's prior approval, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that is involved in the development or operation of fitness centers, clubs, or other businesses that offer or sell products, merchandise, or services which are the same as or similar to the products, merchandise, and services being offered by the Koko FitClub

(Koko Xpress) under the System if any or all such products comprise ten percent (10%) or more of the business's products as measured by gross sales of the products sold by such business

9 3 Developer covenants that, except as otherwise approved in writing by Koko, Developer may not, for a continuous interrupted period commencing upon the assignment, expiration, or termination of this Development Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that (1) is involved in the development or operation of fitness centers, clubs, or other businesses that offer or sell products, merchandise, or services which are the same as or similar to the products, merchandise, and services being offered by the Koko FitClub (Koko Xpress) under the System if any or all such products comprise ten percent (10%) or more of the business's products as measured by gross sales of the products sold by such business, and (2) is, or is intended to be, located within the Development Area

9 4 Sections 9 2 2 and 9 3 will not apply to ownership by Developer of a less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation

9 5 Developer understands and acknowledges that Koko will have the right, in its sole discretion, to reduce the scope of, or to sever, any covenant set forth in Sections 9 2 and 9 3 of this Development Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 16 hereof

9 6 Developer expressly agrees that the existence of any claims it may have against Koko whether or not arising from this Development Agreement, will not constitute a defense to the enforcement by Koko of the covenants in this Section 9 Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Koko in connection with the enforcement of this Section 9

9 7 Developer acknowledges that Developer's violation of the terms of this Section 9 would result in irreparable injury to Koko for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Developer in violation of the terms of this Section 9

9 8 The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Development Agreement If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Koko is a party,

Developer expressly agrees to be bound by any lesser covenant which is expressly or implicitly included 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 9

9 9 At Koko's request, Developer will require and obtain execution of covenants similar to those set forth in this Section 9 (including covenants applicable upon the termination of a person's relationship with Developer) from any or all of the following persons (i) all managers of Developer, (ii) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Developer, and of any corporation directly or indirectly controlling Developer, if Developer is a corporation, and (iii) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Developer is a Partnership Every covenant required by this Section 9 9 will be in a form satisfactory to Koko, including, without limitation, specific identification of Koko as a third party beneficiary of such covenants with the independent right to enforce them Failure by Developer to obtain execution of a covenant required by this Section 9 9 will constitute a default under Section 8 3 hereof

10 NOTICES

Any and all notices required or permitted under this Development Agreement will be in writing and will be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Koko	Koko FitClub 300 Ledgewood Place Rockland, MA 02370 Attn VP Finance and Accounting
Notices to Developer	_____ _____ _____ Attn _____

Any notice by a means which affords the sender evidence of delivery or rejected delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery

11 MISCELLANEOUS PROVISIONS

11 1 Developer and its owners represent and warrant to Koko that (a) all statements, documents, materials, and information submitted to Koko, including the application for the

rights granted by this Development Agreement, are true, correct and complete in all material respects, and there have been no material omissions, and (b) Developer and its owners agree to comply with and/or to assist Koko to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below) In connection with such compliance, Developer and its owners certify, represent and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and it owners are not otherwise in violation of any of the Anti-Terrorism Laws "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war Developer agrees to promptly advise Koko of any material change in the information or statements submitted to Koko Developer acknowledges and understands that Koko has entered into this Development Agreement in reliance on the statements and information submitted to Koko by Developer and its owners, and that any material breach, inaccuracy or omission is grounds for Koko to terminate this Development Agreement

11 2 Non-Waiver of Claims Our consent to a transfer of any interest in Developer, this Development Agreement, or all or substantially all of the assets of Developer's business will not constitute a waiver of any claims Koko may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Development Agreement by the transferor or transferee

12 PERMITS AND COMPLIANCE WITH LAWS

12 1 Developer will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Businesses, including, without limitation, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances

12 2 Developer will notify Koko in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of any of the businesses franchised under this Development Agreement

13 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

13 1 It is understood and agreed by the parties hereto that this Development Agreement does not create a fiduciary relationship between them, that Developer will be an independent contractor, and that nothing in this Development Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever

13 2 During the term of this Development Agreement and any extensions hereof, Developer will hold itself out to the public as an independent contractor operating pursuant to this Development Agreement Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the premises of the franchised business, the content of which Koko reserves the right to specify

13 3 It is understood and agreed that nothing in this Development Agreement authorizes Developer to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and that Koko will in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor will Koko be liable by reason of any act or omission of Developer in Developer's operations hereunder or for any claim or judgment arising therefrom against Developer or Koko Developer will indemnify and hold Koko, and our officers, directors, and employees harmless against any and all claims arising directly from, as a result of, or in connection with Developer's activities hereunder, as well as the costs, including attorneys' fees, of defending against them

14 APPROVALS AND WAIVERS

14 1 Whenever this Development Agreement requires the prior approval or consent of Koko, Developer will make a timely written request to Koko therefor, and such approval or consent must be obtained in writing

14 2 Koko makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, consent, or suggestion to Developer in connection with this Development Agreement, or by reason of any neglect, delay, or denial of any request therefor

14 3 No delay, waiver, omission, or forbearance on the part of Koko to exercise any right, option, duty, or power arising out of any breach or default by Developer under any of the terms, provisions, covenants, or conditions hereof, will constitute a waiver by Koko to enforce any such right, option, duty, or power as against Developer, or as to subsequent breach or default by Developer Subsequent acceptance by Koko of any payments due to it hereunder will not be deemed to be a waiver by Koko of any preceding breach by Developer of any terms, provisions, covenants, or conditions of this Development Agreement

15 SEVERABILITY AND CONSTRUCTION

15 1 Except as expressly provided to the contrary herein, each portion, section, part, term, covenant, and/or provision of this Development Agreement will be considered severable, and if, for any reason, any portion, section, part, term, covenant, 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, that determination will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, covenants and/or provisions of this Development Agreement as may remain otherwise

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

15 2 Except as expressly provided to the contrary herein, nothing in this Development Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Developer, Koko, our officers, directors, and employees, and such of Developer's and Koko's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by Section 7 hereof, any rights or remedies under or by reason of this Development Agreement

15 3 Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is expressly or implicitly included within the terms of any provision hereof, as though it were separately articulated in and made a part of this Development 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 unenforceable in a final decision to which Koko 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

15 4 All provisions of this Development Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Development Agreement, will so survive the expiration and/or termination of this Development Agreement

16 ENTIRE AGREEMENT

This Development Agreement and the documents referred to herein constitute the entire, full, and complete agreement between Koko and Developer concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Developer to execute this Development Agreement Except for those permitted to be made unilaterally by Koko hereunder, no amendment, change, or variance from this 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 Nothing in this Agreement or in any related agreement between Koko and Developer is intended to disclaim the representations in Koko's Franchise Disclosure Document

17 APPLICABLE LAW AND DISPUTE RESOLUTION

17 1 This Development Agreement takes effect upon its acceptance and execution by Koko, and will be interpreted and construed under the laws relating to the construction and interpretation of contracts of the Commonwealth of Massachusetts, without regard to any conflict of law statute or doctrine applicable in such state and excluding, however, G L C 93A Any provision of this Development Agreement that would not be enforceable under the laws of the Commonwealth of Massachusetts, but would be enforceable under the laws of a state in which Developer's activities under this Development Agreement are conducted, will be

governed by the laws of such state Nothing in this Section 17 1 is intended by the parties to subject this Development Agreement to any franchise or similar law, rule, or regulation, to which it would not otherwise be subject, of the state where Developer's activities under this Development Agreement are conducted, or of the Commonwealth of Massachusetts

17 2 Except as otherwise provided herein, if a dispute arises out of or relates to this Development Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by a mediation provider selected by Koko ("Mediator") before resorting to arbitration, litigation, or some other dispute resolution procedure Such mediation will take place before a single mediator at the Mediator's office located in the principal city closest to Koko's principal place of business or at such other location as determined by Koko in its sole discretion The parties will each bear all of their own costs of mediation, provided, however, the fees of the Mediator will be divided equally between Koko and Developer The parties hereto agree that mediation will not be required with respect to (a) any claim or dispute involving any payment obligation of Developer that is more than forty five (45) days past due, (b) any claim or dispute involving actual or threatened disclosure or misuse of Koko's Confidential Information, (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks, (d) any claim or dispute involving the insurance or indemnification provisions of this Development Agreement, or (e) any action by Koko to enforce the covenants set forth in Section 9 of this Development Agreement

17 3 Developer agrees that any action brought by Developer against Koko in any court, whether federal or state, will be brought in the judicial district or circuit in which Koko has its principal place of business Koko will have the right to commence an action against Developer in any court of competent jurisdiction Developer hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision The parties agree that nothing in this Development Agreement will be deemed to prevent the removal of an action from state court to federal court

17 4 WAIVER OF RIGHTS

17 4 1 DEVELOPER AND KOKO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE TO WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY OR AGAINST EITHER PARTY,

17 4 2 DEVELOPER AND KOKO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE TO WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT KOKO WILL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW

17 4 3 DEVELOPER AGREES THAT ANY AND ALL CLAIMS BY DEVELOPER AGAINST KOKO ARISING OUT OF, OR RELATING TO, THIS AGREEMENT MAY NOT BE

COMMENCED BY DEVELOPER UNLESS BROUGHT BEFORE THE EARLIER OF (A) THE EXPIRATION OF ONE (1) YEAR AFTER THE ACT, TRANSACTION, OR OCCURRENCE UPON WHICH SUCH CLAIM IS BASED, OR (B) ONE (1) YEAR AFTER THIS AGREEMENT EXPIRES OR IS TERMINATED FOR ANY REASON DEVELOPER AGREES THAT ANY CLAIM OR ACTION NOT BROUGHT WITHIN THE PERIODS REQUIRED UNDER THIS SECTION 17 4 3 WILL FOREVER BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET OFF

17 4 4 ANY DISPUTE BETWEEN KOKO AND DEVELOPER MUST BE RESOLVED IN AN INDIVIDUAL PROCEEDING, AND MAY NOT BE RESOLVED VIA A CLASS ACTION OR SIMILAR MULTI-PARTY PROCEEDING

17 5 NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO KOKO OR DEVELOPER BY THIS DEVELOPMENT AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY

17 6 NOTHING HEREIN CONTAINED WILL BAR KOKO'S RIGHT TO OBTAIN INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION AGAINST THREATENED CONDUCT THAT MIGHT CAUSE IT LOSS OR DAMAGE, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS, AND PRELIMINARY INJUNCTIONS

18 ACKNOWLEDGMENTS

18 1 Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, recognizes that the business venture contemplated by this Development Agreement involves business risks, and that its success will be largely dependent upon the ability of Developer and its owners as independent businesspeople Koko expressly disclaims the making of, and 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 Development Agreement

18 2 Developer represents and agrees that, except as provided below, Developer received Koko's Franchise Disclosure Document (with all its exhibits and this Development Agreement with all its exhibits), acknowledges that it received a complete copy of this Development Agreement, the Exhibits hereto, and agreements relating thereto, if any, at least fourteen (14) calendar days before signing this Development Agreement or the payment of any monies to Koko under this Agreement, or earlier upon Developer's reasonable request If Developer is located in New York or Rhode Island, Developer also represents and agrees that it received Koko's Franchise Disclosure Document (with all its exhibits and this Development Agreement with all its exhibits) at the earliest of (a) the first personal meeting to discuss the franchise, (b) 10 business days before signing this Development Agreement, or (c) 10 business days before Developer made any payment to Koko If Developer is located in Michigan or Washington,

Developer also represents and agrees that it has received Koko's Franchise Disclosure Document (with all its exhibits and this Development Agreement with all its exhibits) at the earliest of (a) 10 business days before signing this Development Agreement, or (b) 10 business days before Developer made any payment to Koko Developer represents and agrees that it received a completed copy of this Development Agreement and all related agreements attached to the Franchise Disclosure Document with any changes to such agreements unilaterally and materially made by Koko at least seven (7) calendar days before executing this Development Agreement

18 3 Developer acknowledges that it has read and understood this Development Agreement, the Exhibits hereto, and agreements relating thereto, if any, and that Koko has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Development Agreement

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Development Agreement in duplicate

KOKO FITCLUB, LLC

_____ By _____

Witness/Attest

Name _____

Title _____

Date _____

DEVELOPER

_____ By _____

Witness/Attest

Name _____

Title _____

Date _____

DEVELOPER

_____ By _____

Witness/Attest

Name _____

Title _____

Date _____

EXHIBIT A
To
KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The Development Area (see Section 1 1) will be the following

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____ Developer's Initials _____ Initials of Koko Representative

_____ Developer's Initials

EXHIBIT B
To
KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

Recognizing that time is of the essence, Developer will have executed a Franchise Agreement for, and opened, each Koko FitClub (Koko Xpress) within the Development Area in accordance with the following Development Schedule (see Sections 1 1 and 3 5)

Location Number	Deadline for Executing Franchise Agreement (Must be Received by Koko FitClub LLC)	Deadline for Opening Location

Initials of Koko

_____ Developer's Initials _____ Representative

_____ Developer's Initials

EXHIBIT C
To
KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Koko is attached hereto

EXHIBIT D
To
KOKO FITCLUB
AREA DEVELOPMENT AGREEMENT

DISCLOSURE OF DEVELOPER OWNERS

1 **Developer Owners** You acknowledge and agree that the following is a complete list of all of the shareholders, partners, or members of Developer and the percentage interest of each individual as of the date of the Area Development Agreement

Name	Position	Percent interest

2 **Changes in Developer Owners** You agree to notify in writing the Franchisor of any changes to the Developer Owners

IN WITNESS WHEREOF, the Developer has executed this Exhibit D on the same date as the Area Development Agreement

Name of Developer	

Print name Signature Title

Print name Signature Title

Print name Signature Title

Print name Signature Title

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EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT

OPERATING STANDARDS TABLE OF CONTENTS

Operating Standards Content on Tool & Forums

I OPENING YOUR FIT CLUB (201 screen pages)

THE KOKO FITCLUB OPENING PROCESS
REAL ESTATE GUIDE
BUILD BOOK
PURCHASING OVERVIEW
DECOR GUIDE
MARKETING OVERVIEW
WEBSITE, SOCIAL MEDIA AND ONLINE MARKETING GUIDE
BRAND STANDARDS
SOCIAL MEDIA GUIDE
PUBLIC RELATIONS GUIDE
LITERATURE AND PRINTED MATERIALS
FINANCE AND ADMINISTRATION
CLUB OPERATIONS

CLUB OPERATIONS (165 screen pages)

STAFFING AND TRAINING
CONTACT INFORMATION
DAILY OPERATIONS
BASIC TROUBLESHOOTING AND HOW TO USE THE MAINTENANCE KEY
GENERAL HOW-TO'S
- *Assigning a Koko Key to a New Member*
- *Assigning New Programs to Member or Change a Program*
- *Restoring Lost or Forgotten Koko Keys*
- *Update Member Profile (e g update "Weight", e-mail address)*
- *Recycling a Koko Key (loaned keys only)*

SALES, PROSPECT & MEMBER MANAGEMENT
- *Rate Card*
- *Sales Process*
- *Retention Program*
- *Referral Program*
- *Reciprocity*
- *Transferability*

Corporate Accounts
FORMS
How to Fill Out the Demo Waiver
How to Fill Out a Manual Membership Agreement
How to Fill Out a Manual Membership Change Form
How to Fill Out a Cancellation Form
How to Fill Out an Accident Report
MARKETING

SECTION TWO REFERENCE MATERIALS (439 screen pages)

WHAT IS KOKO FITCLUB?
WHAT MAKES KOKO FITCLUB SO UNIQUE?
THE KOKO EXERCISE PHILOSOPHY
MICHAEL WOOD'S "IS IT REALLY ENOUGH?" ARTICLE
FREQUENTLY ASKED QUESTIONS
KOKO TERMINOLOGY
PRODUCT AND SUPPORT MANUAL
KOKO SMARTRAINER SYSTEM COMPONENTS
Smart Setup™
Koko Keys™
Smartrainer©
Koko Cardio
Koko FitCheck™
SmartStation™
Maintenance Keys
MyKoko com
Koko Admin Site Overview
Koko Fuel
EXERCISE PROGRAMMING
Smartraining Personalized Training Plans
Koko Cardio Plans
Top 10 Form Mistakes Members Make
Exercise Program Descriptions with Trainer Notes
Basic Muscle Chart
PRESS/MEDIA COVERAGE
CURRENT MARKETING SAMPLES
MEMBERSHIP MANAGEMENT/POS SYSTEM MANUAL

SECTION THREE EMPLOYEE HANDBOOK (42 screen pages)

INTRODUCTION
OUR MEMBER SERVICE PHILOSOPHY

OUR GOAL FOR YOU AS A PART OF THE KOKO FITCLUB TEAM
EQUAL EMPLOYMENT OPPORTUNITY
UNLAWFUL HARASSMENT
DRESS POLICY
NAME TAGS
CPR/AED
CONTACT WITH THE MEDIA
CUSTOMER RELATIONS
SMOKING IN THE WORKPLACE
EMPLOYEE MEMBERSHIP PRIVILEGES
EMPLOYEE GUESTS
DON'T ABUSE THE SYSTEM

Total Screen Pages 847

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EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT

KOKO FITCLUB

AUDITED FINANCIAL STATEMENTS

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EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE QUESTIONNAIRE

Company Confidential
11868763 1

Franchisee Name _____

Franchise Agreement No _____

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Koko FitClub, LLC ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the operation of a Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1 Have you received and personally reviewed our Franchise Agreement (and/or Area Development Agreement) and each exhibit and schedule attached to them?

Yes____ No____ Your Initials _____

2 Do you understand all of the information contained in the Franchise Agreement (and/or Area Development Agreement) and each exhibit and schedule attached to them?

Yes____ No____ Your Initials _____

If "No," what parts of the Franchise Agreement (and/or Area Development Agreement) do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

3 Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

Yes____ No____ Your Initials _____

Franchisee Name _____

Franchise Agreement No _____

4 Do you understand all of the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials _____

If "No", what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

_____

_____

5 Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes____ No____ Your Initials _____

6 Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes____ No____ Your Initials _____

7 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us, our affiliate, or our franchisees?

Yes____ No____ Your Initials _____

8 Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials _____

9 Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes____ No____ Your Initials _____

Franchisee Name _____

Franchise Agreement No _____

10 Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes____ No____ Your Initials _____

11 Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials _____

12 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes____ No____ Your Initials _____

13 Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials _____

14 If you have answered "Yes" to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of such questions, please leave the following lines blank

_____

_____

_____

_____

Franchisee Name _____

Franchise Agreement No _____

15 Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes____ No____ Your Initials _____

16 Do you understand that the franchisee entity that signs the Franchise Agreement must be a new legal entity formed solely for the purpose of operating the Koko FitClub franchised by you?

Yes____ No____ Your Initials _____

17 Do you understand that you are solely responsible for understanding and adhering to all local and state requirements for operating a fitness business?

Yes____ No____ Your Initials _____

You understand that your answers are important to us and we will rely on them

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

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

_____

FRANCHISE APPLICANT (signature)

_____

Print Name

Date _____, 201___

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
(as of March 31, 2017)

Current Franchisees

State	Name	Address	Telephone Number	Store Status*
Alberta, CA	Alberta Digital Health Inc	2060 Symons Valley Pkwy Alberta, Canada T3P 0M9	403-700-5391	1 Open
California	RoesFit, LLC	499B San Ramon Valley Blvd Danville, CA 94526	925-743-0802	1 Open
California	Lossing FitClub, LLC	10543 45 Commons Dr San Diego, CA 92127	858-335-5686	2 Open
Colorado	Mabeni Fitness, Inc	6231 E 14th Ave Denver, CO 80220	303-872-8380	1 Open
Colorado	TRLT Fitness	18671 East Main St Suite B Parker, CO 80134	720-465-5265	1 Open
Colorado	Cloud Nine Fitness LLC	710 Carr St Lakewood, CO 80214	303-550-7545	2 Open
Colorado	Fitness on the Front Range LLC	1001-A E Harmony Rd #157 Fort Collins, CO 80525	408-775-4967	3 Open
Connecticut	Squam Lake Associates, LLC	568 West Road New Canaan, CT 06840	203-524-2199	1 Open
Connecticut	Halayon Fitness & Co	340 Joan Drive Fairfield, CT 06824	203-848-5545	1 Open
Florida	Greenbody Fitness Studio One, LLC	914 Sherbourne Circle Lake Mary, FL 32746	951-385-8717	1 Open
Florida	Gulf Coast Fitness, LLC	2531 Lakewood Ranch Blvd Lakewood Ranch, FL 34211	941-948-7733	2 Open
Florida	Team 23 LLC	6290 W Sample Road Coral Springs, FL 33067	954-796-2202	2 Open
Idaho	Mountain High Holding Company	3160 E 17th St #120 Idaho Falls, ID 83406	208-232-0049	1 Open

State	Name	Address	Telephone Number	Store Status*
Illinois	Bonagrand Fitness LLC	1452 N Dee Rd Park Ridge, IL 60068	224-619-6866	1 Open
Indiana	Introspect Fitness Corporation	11581 Geist Pavillion Drive, Ste 110 Fishers, IN 46038	317-863-8779	2 Open
Iowa	FitClubs of Central Iowa, LLC	3377 140th St Cumming, IA	515-556-0597	1 Open
Louisiana	FitKo, LLC	3441 E Causeway Approach Mandeville, LA 70448		1 Open
Louisiana	Kauex kauex Nut, LLC	1523 Hwy 308 Thibodaux, LA 70301	985-438-9481	2 Open
Massachusetts	FitFuture, LLC	850 Highland Ave Needham Heights, MA 02494	781-444-0011	2 Open
Massachusetts	McMahon Fitness, Inc	15 Robert Dr Easton, MA 02375	401-640-7423	1 Open
Massachusetts	HTN Fitness LLC	342 Great Road Acton, MA 01720	978-263-9348	3 Open
Massachusetts	Calise Fitness Enterprises I, LLC	Bell Tower Mall 1600 Falmouth Rd Centerville, MA 02632	617-413-1821	7 Open
Massachusetts	Community Fitness Partners Inc	20 Ridgeview Ln Mansfield, MA 02048	508-212-4359	2 Open
Massachusetts	NextG Fitness, LLC	1195 Beacon St # 3 Brookline, MA 02446	617-543-0160	2 Open
Massachusetts	Sparkstin Fitness Holdings, LLC	32 Cudworth Lane Sudbury, MA 01776	617-851-0502	2 Open
Michigan	Energy Fitness 1, LLC	2845 Thornhills Ave SE, Grand Rapids, MI 49546	616-301-5366	2 Open
Minnesota	Strait Enterprises, LLC	2899 Cougar Path NW Prior Lake, MN 55372	612-998-8766	3 Open
Nevada	Meehan Inc	55 South Valle Verde Drive, Ste 220-225 Henderson, NV 89012	702-487-5656	1 Open
New Hampshire	EPC Fitness, LLC	225 Daniel Webster Hwy Nashua, NH 03060	603-888-4025	1 Open
New Jersey	Pie Fitness Inc	438 Route 206, Ste 3 Hillsborough, NJ 08844	609-865-1875	1 Open
New Jersey	Little Fiery One	43 Tenby Chase Dr Voorhees, NJ 08043	856-719-0030	1 Open

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State	Name	Address	Telephone Number	Store Status*
New Jersey	Blue Sky Enterprises LLC	563 Mountain Ave Wyckoff, NJ 07481	201 693 6656	1 Open
New York	B Fit of LB, Inc	34 East Park Ave Long Beach, NY 11561	516-431-1409	1 Open
North Carolina	LK Fitness Caroline, LLC	7731 Colony Road, Ste F2, Charlotte, NC 28226	704-544-1774	1 Open
North Carolina	C & K Fit, LLC	3561 Renaissance Park Pl Cary, NC 27513	919-818-0095	1 Open
North Carolina	Benessere Clubs Raleigh, LLC	7428 Creedmoor Rd Raleigh, MC 27613	404-271-3088	1 Open
Ohio	SmartFit LLC	10129 Archer Ln Dublin, OH 43017	614-572-7135	1 Open
Oklahoma	Lucas Fitness, LLC	309 S Bryant Ave , Ste 100 Edmond, OK 73034	405-285-2348	1 Open
Pennsylvania	Koschny Fitness Club Management, LLC	128 Roland Drive Port Matilda, PA 16870	814-329-1243	1 Open
South Carolina	Bennessere Clubs, LLC	718 Royal Ave Mount Pleasant SC, 29464	404-271-3088	2 Open
South Dakota	Diandrew, LLC	5312 Sheridan Lake Road Rapid City, SD	605-719-3359	1 Open
South Dakota	Digital Training By Design LLC	3320 S Sycamore Avenue Sioux Falls, SD	605-310-7910	1 Open
Tennessee	TLC Fitness Group, LLC	4326 Harding Pike, Ste 105 Belle Meade, TN 37205	615-457-2045	1 Open
Tennessee	Cornerstone Fitness, LLC	5205 Bent River Blvd Knoxville, TN 37919	865-456-9129	2 Open
Texas	Major Fitness, LLC	1632 Keller Parkway Keller, TX 76248	817-431-2150	2 Open
Texas	PT Fit Redefined, LLC	9231 W Parmer Lane Austin, TX 78717	512-653-0127	1 Open
Texas	Denson Health & Fitness, LLC	714 Harvard St Houston, TX 77007	713-385-2159	5 Open
Texas	Amo La Famiglia Inc	200 University Blvd Round Rock, TX 78665	512-962-8747	1 Open
Texas	Heart of Texas Fitness, LLC	999 Basse Road, Suite 184, San Antonio, TX 78209	210-776-7773	3 Open
Texas	Austin Won on One, LLC	1420 Cypress Creek Rd Cedar Park, TX 78613	512-845-1303	1 Open

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State	Name	Address	Telephone Number	Store Status*
Texas	Tyheka Investments, LLC	18318 University Blvd Ste 300 Sugarland, TX 77479	832-721-4992	1 Open
Utah	Fitsmith LLC	3 Trendland Cove Sandy UT 84092	801-571-5656	1 Open
Washington	Yugi Fit Clubs, Inc	17614 140th Ave NE Woodinville, WA 98072	425-398-5656	2 Open

Transferred Franchises

State	Name	Business Name	Address	Telephone Number
CT	Jeff Pressman	Bench Press I & II LLC	340 Joan Drive Fairfield, CT 06824	203-848-5545
LA	Debbie Baker (2)	Fit4Life, LLC	4734 Highway 311 Houma, LA 70360	985-746-4161
NC	Luana Deans (2)	Na Pali Fit, LLC	Raleigh, NC	919-609-7259
TX	Robert Reisch	PT Fit Redefined, LLC	9231 W Parmer Lane Austin, TX 78717	512-653-0127
TX	Paul Kummer (2)	30 Minute Fitness LLC	1218 W Bitters, Ste 102 San Antonio, TX 78216	210-479-1395

Other Former Franchisees (Ceased Operations)

State	Name	Address	Telephone Number
AZ	Koko Arizona	6245 E Bell Road, Ste 113 Scottsdale, AZ 85254	623-680-9599
AZ	Gary Durrenberger, LLC	10785 N Oracle Rd , Ste 175 Oro Valley, AZ 85737	520-444-6621
AZ	KAS Southwest Inc	6819 N 16th St , Ste 7 Phoenix, AZ 85016	602-277-5656
AZ	Koko FitClub of McCormick Ranch	8240 N Hayden Rd Scottsdale, AZ 85258	480-991-0506
CA	TEKFit Silicon Valley	941 Fremont Avenue Los Altos, CA 94024	650-367-5656
CA	Turnberry Investments Inc	4542 Dublin Blvd Dublin, CA 94568	707-386-7758
CA	AG Professionals Inc	4485 First St Livermore, CA 94551	925-556-5559
CA	Jeff Mossner	1225 Venna Drive, Spc #225 Sunnyvale, CA 94089	650-960-6978

State	Name	Address	Telephone Number
CA	Tom & Christine Lawicki	711 Pleasant Grove Blvd Roseville, CA 95678	530-388-8999
CO	Jennifer Kemper	3003 W 136 Ave Broomfield, CO 80023	303-552-2607
CT	Peter Buckley	283 Mariomi Road New Canaan, CT 06840	917-733-4266
IA	Tina Howell	3701 EP True Parkway West Des Moines, IA 50265	515-223-4322
ID	James Lane, Inc	388 N Overland Rd Burley, ID 83318	208-679-3488
ID	Ed Snell	1799 West Broadway Idaho Falls, ID 83402	208-232-0049
IN	Chintu Patel	5432 Ashby Court Greenwood, IN 46143	317-701-3962
KY	Clifford & Joseph LLC	161 S English Station Rd Louisville, KY 40245	502-384-8100
KY	Dale Crowhorn	2825 Yorkshire Blvd Louisville, KY 40220	502-600-0643
LA	Debbie Denova-Baker	12520 Perkins Road Baton Rouge, LA 70810	225-2236-6540
MA	Andy & Christine Johnson	377 Chauncy Street Mansfield, MA 02048	508-463-8941
MA	Tim Calise	1978 Washington St Hanover MA 02339	781-878-8422
MA	IFIT Partners LLC	92 Waltham St , Apt #2 Boston, MA 02118	617-780-7520
MA	Matt Stinner	32 Cudworth Lane Sudbury, MA 01776	617-851-0502
MI	Jay Little	6385 Orchard Lake Road West Bloomfield, MI 48322	734-255-7347
MS	Ray Harrigill	275 Ridge Way Flowood, MS 39232	601-714-1112
NC	Alan Greenspon	125 Cottage Place Charlotte, NC 28207	605-209-3637
NC	Keith Greenspon	3116 Weddington Rd , Ste 200 Matthews, NC 28105	704-845-9878
NC	Mark McMahon	13220 Strickland Rd Raleigh, NC 27613	404-271-3088
NE	For His Glory	16919 Audrey St , Ste 13 Omaha, NE 68136	402-348-3475

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State	Name	Address	Telephone Number
NJ	Todd Kole	7 Southern Hills Drive Skillman, NJ 08558	609-865-1875
NJ	Brian Curcura	820 Franklin Ave Franklin Lakes, NJ 07417	201-693-6656
NJ	Michael Ander	1079 Broad St Shrewsbury, NJ 07702	607-262-2262
NV	Matt & Shari Meehan	2970 St Rose Parkway Henderson, NV 89052	702-487-5656
NY	SSM Cedarhurst LLC	215 East Beech St Long Beach, NY 11561	516-236-6566
NY	Hinda Mizrahi	215 E Beech Street Long Beach, NY 11561	516-992-8288
OH	Brad Root	10129 Archer Lane Dublin, OH 43017	614-572-7135
OK	Chris Lucas	1 NE 2nd Street Oklahoma City, OK 73104	405-664-1144
TN	Linda Taylor	2020 Fieldstone Pkwy Franklin, TN 37069	615-480-0584
TN	Ron Nichols	2275 Gunbarrel Rd Chattanooga, TN 37421	615-519-7676
TN	Mid Tenn Envy, LLC	1318 State Blvd Frankin, TN 37064	615-390-1134
TX	Michael Doweidt	2001 Holley Parkway #528 Roanoke, TX 76262	817-938-1851
TX	Josh Godwin & John Rabb	5145 N FM 620 Rd Austin, TX 78732	512-494-5991
TX	Jeremy Harris	2924 Oak Lawn Ave Dallas, TX 75219	214-592-7149
TX	John Denson	5603 FM 1960 W Houston, TX 77069	281-893-5656
TX	Paul Kummer	11703 Huebner Rd San Antonio, TX 78230	210-710-3011
TX	Robert Reisch	9231 W Parmer Lane Austin, TX 78717	512-653-0127
VA	Kellie Amberger	4002 Bonnie Brae Court Fredericksburg, VA 22407	703-929-3413
ON	Tony Rossi	1148 Winston Churchill Blvd Oakville, ON L6J 7Y4	

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

Persons that have signed Franchise Agreements but whose units are not yet operational

State	Name	Address	Telephone Number
IL	Anna Bonadonna		
IL	Ted Ellis		
NJ	Melba Abram		
TX	Sharon Lotz		

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT OF KOKO FITCLUB, LLC
STATE-SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND AREA DEVELOPMENT AGREEMENT

The following modifications are to the Koko FitClub, LLC Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__

The provisions of this State Law Addenda to Franchise Disclosure Document and Franchise Agreement ("**State Addenda**") apply only to those persons residing or operating Koko FitClub or Koko Xpress Businesses in the following states

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal Corporations Code Sections 31000 *et seq* the Franchise Disclosure Document for Koko FitClub, LLC for use in the State of California is amended as follows

1 Neither Koko FitClub, LLC nor any person identified in Item 2 of the disclosure document is currently subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C 78a, *et seq* , suspending or expelling those persons from membership in that association or exchange

2 The State Cover Page and Item 5 is supplemented to include the following

Payment of all initial fees (including fees other than the initial franchise fees due to franchisor) is deferred until all of the franchisor's initial obligations have been completed and the franchisee opens for business

3 Item 17 is supplemented to include the following

California Business & Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or nonrenewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

The Franchise Agreement requires application of the laws of the Commonwealth of Massachusetts This provision may not be enforceable under California law

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

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

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

4 Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner of Business Oversight, Department of Business Oversight, may by rule or order require, before a solicitation of a proposed material modification of an existing franchise

5 The Franchise Agreement requires binding arbitration The arbitration will occur at the office or center of the arbitration service that is closest to our principal place of business with the costs being borne by the party who does not substantially prevail in the arbitration proceeding Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

6 The Franchise Agreement requires that you resolve claims that are not subject to mediation or arbitration in state or federal court in the judicial district in which we have, at the time of commencement of such action, our principal place of business, and that you must irrevocably submit to the jurisdiction of those courts This provision may not be enforceable under California law

7 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 DISCLOSURE DOCUMENT

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

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows

1 Section 2 1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is supplemented by the following
Payment of all initial fees is deferred until after all of Franchisor's initial obligations have been completed and Franchisee opens for business

2 Section 14 3 of the Franchise Agreement, under the heading "Conditions of Transfer," is supplemented by the following
provided, however, that California Corporations Code Section 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law and the California Business and Professions Code Section 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act

3 Section 15 of the Franchise Agreement, under the heading "Default and Termination," is amended by adding the following
provided, however, this provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

4 Section 17 3 of the Franchise Agreement, "Post-Term Covenants," is amended by the addition of the following
provided, however, the provisions in this Section 17 3 may not be enforceable under California law

5 Section 26 1 of the Franchise Agreement, "Applicable Law," is amended by the addition of the following
provided, however, that this provision may not be enforceable under California law

6 Section 26 10 of the Franchise Agreement, "Waiver of Right to a Jury and Punitive Damages," is amended by the addition of the following
EXCEPT FOR CLAIMS ARISING UNDER SECTIONS 31300 THROUGH 31306 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, ALL OF WHICH IS GOVERNED BY THE APPLICABLE STATE STATUTES HOWEVER, THIS PROVISION DOES NOT LIMIT FRANCHISEE'S RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY

7 NOTWITHSTANDING ANYTHING CONTAINED IN THIS ADDENDUM, IT IS FRANCHISOR'S INTENTION TO ENFORCE THE PROVISIONS OF THE FRANCHISE AGREEMENT TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW

ADDENDUM TO THE KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows

1 Section 4 1 of the Area Development Agreement, under the heading "Development Fee," is supplemented by the following
Payment of all initial fees due to Franchisor is deferred until all of Franchisor's initial obligations have completed and Developer opens its first location for business

2 Section 7 of the Area Development Agreement, under the heading "Transfer Of Interest," is supplemented by the following
provided, however, that California Corporations Code Section 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law and the California Business and Professions Code Section 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act

3 Section 8 of the Area Development Agreement, under the heading "Default and Termination," is amended by adding the following
provided, however, this provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

4 Section 9 3 of the Area Development Agreement, under the heading "Covenants," is amended by the addition of the following
provided, however, the provisions in this Section 9 3 may not be enforceable under California law

5 Section 17 1 of the Area Development Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following
provided, however, that this provision may not be enforceable under California law

6 Section 17 4 of the Area Development Agreement is amended by the addition of the following
EXCEPT FOR CLAIMS ARISING UNDER SECTIONS 31300 THROUGH 31306 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, ALL OF WHICH IS GOVERNED BY THE APPLICABLE STATE STATUTES HOWEVER, THIS PROVISION DOES NOT LIMIT FRANCHISEE'S RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY

7 NOTWITHSTANDING ANYTHING CONTAINED IN THIS ADDENDUM, IT IS FRANCHISOR'S INTENTION TO ENFORCE THE PROVISIONS OF THE FRANCHISE AGREEMENT TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW

ILLINOIS ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of Koko FitClub, LLC for use in the State of Illinois is amended as follows

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

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

3 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

4 Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition

5 Each provision of this Addendum is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2 7-1 to 23-2-2 7-10, the Franchise Disclosure Document of Koko FitClub, LLC for use in the State of Indiana is amended as follows

1 Item 12, under the heading entitled "Territory," is supplemented by the addition of the following language

> Koko FitClub, LLC is required by the Franchise Agreement and Area Development Agreement not to compete unfairly with you within the Territory

2 Item 17(f) of the Franchise Agreement chart, under the heading "Termination by franchisor with cause," is amended by the addition of the following language

> The conditions under which your franchise can be terminated may be affected by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act

3 Item 17(f) of the Area Development Agreement chart, under the heading "Termination by franchisor with cause," is amended by the addition of the following language

> The conditions under which your development rights can be terminated may be affected by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act

4 Items 17(q) and (r) of the Franchise Agreement chart, under the headings "Non-competition covenants during the term of franchise," and "Non-competition covenants after the franchise is terminated or expires," respectively, is amended by the addition of the following language at the end of each Item

> Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2 7-1(9), which limits the scope of non-competition covenants to the territory granted in the Franchise Agreement

5 Items 17(q) and (r) of the Area Development Agreement chart, under the headings "Non-competition covenants during the term of the franchise" and "Non-competition covenants after the franchise is terminated or expires," respectively, is amended by the addition of the following language at the end of each Item

> Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2 7-1(9), which limits the

scope of non-competition covenants to the territory granted in the Area Development Agreement

6 Item 17(u) of the Franchise Agreement chart, under the heading "Dispute resolution by arbitration or mediation," is supplemented with the following language

To the extent required by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, a franchisee that operates a franchised office in Indiana may require, at the franchisee's option, that arbitration or mediation concerning the franchise take place in Indiana

7 Item 17(u) of the Area Development Agreement chart, under the heading "Dispute resolution by arbitration or mediation," is supplemented with the following language

To the extent required by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, an area developer that operates an area development business in Indiana may require, at the area developer's option, that arbitration or mediation concerning the area development rights take place in Indiana

8 Item 17(v) of the Franchise Agreement chart, under the heading "Choice of forum," is supplemented with the following language

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee that operates a franchised office in Indiana may require, at the franchisee's option, that litigation concerning the franchise take place in Indiana

9 Item 17(v) of the Area Development Agreement chart, under the heading "Choice of forum," is supplemented with the following language

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, an area developer that operates an area development business in Indiana may require, at the area developer's option, that litigation concerning the area development business take place in Indiana

10 Item 17(w) of the Franchise Agreement chart, under the heading "Choice of law," is supplemented with the following language

This provision may not be enforceable under Indiana Law

11 Item 17(w) of the Area Development Agreement chart, under the heading "Choice of law," is supplemented with the following language

This provision may not be enforceable under Indiana Law

12 Each provision of this Addendum to the Franchise Disclosure Document is effective only to the extent, with respect to the provision, that the jurisdictional

requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2 7-1 to 23-2-2 7-10, are met independently without reference to this Addendum to the Franchise Disclosure Document

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2 7-1 to 23-2-2 7-10, the parties to the Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows

1 Section 1 3 of the Franchise Agreement, under the heading "Franchisee's Territory," is supplemented by the addition of the following language to the end of the section

> Franchisor is required by this Agreement to agree not to compete unfairly with Franchisee within the Territory To the extent required by Indiana Code Sections 23-2-2 7-1(2) and 23-2-2 7-2(4), Franchisor will not operate a business which is substantially identical to the Franchised Business within the Territory regardless of trade name

2 Section 2 2 of the Franchise Agreement, under the heading "Renewal," is amended by the addition of the following language to the end of the section

> To the extent required by Indiana Code Sections 23-2-2 7-1(5) no general release executed pursuant to this subparagraph is deemed a release, assignment, novation, waiver or estoppel which purports, or is intended, to relieve Franchisor from any liability imposed by the Indiana Deceptive Franchise Practices Act

3 Section 15 of the Franchise Agreement, under the heading "Default and Termination," is amended by the addition of the following section

> 15 5 The conditions under which the franchise may be terminated may be affected by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Act

4 Section 17 3 of the Franchise Agreement, under the heading "Post-Term Covenants," is amended by the addition of the following section-

> 17 3 3 Notwithstanding the above, Franchisee's rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2 7-1(9), which limits the scope of non-competition covenants to the territory granted in this Agreement

5 The following language is added to the end of Section 17 3 of the Franchise Agreement, under the heading "Post-Term Covenants"

> To the extent required by Indiana Code Section 23-2-2 7-2(10), Franchisee will not be obligated to indemnify Franchisor as

provided herein for any liability caused by Franchisee's reasonable and proper reliance on or use of procedures and materials provided by Franchisor or arising out of Franchisor's negligence

6 Section 20 3 of the Franchise Agreement, under the heading "Indemnification," is amended by the addition of the following language to the end of the section

To the extent required by Indiana Code Section 23-2-2 7-2(10), franchisee will not be obligated to indemnify Koko FitClub, LLC as provided herein for any liability caused by franchisee's reasonable and proper reliance on or use of procedures and materials provided by Koko FitClub, LLC or arising out of Koko FitClub, LLC's negligence

7 Section 26 1 of the Franchise Agreement, under the heading "Applicable Law," is supplemented by the addition of the following language

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law will be applied in construing this Agreement

8 Section 26 2 of the Franchise Agreement, under the heading "Mediation," is supplemented by the addition of the following language

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee who operates a franchised business in Indiana may require, at the franchisee's option, that mediation concerning the franchise take place in Indiana

9 Section 26 3 of the Franchise Agreement, under the heading "Arbitration," is supplemented by the addition of the following language

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee that operates a franchised business in Indiana may require, at the franchisee's option, that arbitration concerning the franchise take place in Indiana

10 Section 26 4 of the Franchise Agreement, under the heading "Jurisdiction and Venue," is supplemented by the addition of the following language

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee that operates a franchised business in Indiana may require, at the franchisee's option, that litigation concerning the franchise take place in Indiana

11 Each provision of this Amendment is effective only to the extent, with respect to the provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2 7-1 to 23-2-2 7-10, are met independently without reference to this Amendment

ADDENDUM TO THE KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2 7-1 to 23-2-2 7-10, the parties to the Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows

1 Section 1 5 of the Area Development Agreement, under the heading "Grant," is supplemented by the addition of the following language to the end of the section

> Franchisor is required by this Agreement to agree not to compete unfairly with Developer within the Territory To the extent required by Indiana Code Sections 23-2-2 7-1(2) and 23-2-2 7-2(4), Franchisor will not operate a business which is substantially identical to the Franchised Business within the Territory regardless of trade name

2 Section 8 of the Area Development Agreement, under the heading "Default and Termination," is amended by the addition of the following section

> 8 8 The conditions under which Developer's business may be terminated may be affected by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Act

3 Section 9 of the Area Development Agreement, under the heading "Covenants," is amended by the addition of the following section

> 9 10 Notwithstanding the above, Developer's rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2 7-1(9), which limits the scope of non-competition covenants to the territory granted in this Agreement

4 The following language is added to the end of Section 9 of the Area Development Agreement, under the heading "Covenants"

> To the extent required by Indiana Code Section 23-2-2 7-2(10), Developer will not be obligated to indemnify Franchisor as provided herein for any liability caused by Developer's reasonable and proper reliance on or use of procedures and materials provided by Franchisor or arising out of Franchisor's negligence

5 Section 13 of the Area Development Agreement, under the heading "Independent Contractor and Indemnification," is amended by the addition of the following language to the end of the section

To the extent required by Indiana Code Section 23-2-2 7-2(10), Developer will not be obligated to indemnify Koko FitClub, LLC as provided herein for any liability caused by Developer's reasonable and proper reliance on or use of procedures and materials provided by Koko FitClub, LLC or arising out of Koko FitClub, LLC's negligence

6 Section 17 1 of the Area Development Agreement, under the heading "Applicable Law and Dispute Resolution," is supplemented by the addition of the following language

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law will be applied in construing this Agreement

7 Section 17 2 of the Area Development Agreement, under the heading "Applicable Law and Dispute Resolution," is supplemented by the addition of the following language

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a Developer who operates an area development business in Indiana may require, at the Developer's option, that mediation concerning the area development business take place in Indiana

8 Section 17 3 of the Area Development Agreement, under the heading "Applicable Law and Dispute Resolution," is supplemented by the addition of the following language

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a Developer that operates an area development business in Indiana may require, at the Developer's option, that litigation concerning the area development business take place in Indiana

9 Each provision of this Amendment is effective only to the extent, with respect to the provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2 5-1 to 23-2-2 5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2 7-1 to 23-2-2 7-10, are met independently without reference to this Amendment

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents If any of the following provisions are in the franchise documents, the provisions are void and cannot be enforced against you

Each of the following provisions are void and unenforceable if contained in any document 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 agreement or license agreement prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee or licensee to comply with any lawful provision of the franchise agreement or license 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 or licensee by repurchase or other means for the fair market value at the time of expiration of the franchisee's or licensee's inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) The term of the franchise 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

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees or licensees 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 or licensee 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 transferee to meet the franchisors then current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor

(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 or licensee 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 obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general

Any questions regarding this Notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn Stat §§ 80C 01 through 80C 22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules §§ 2860 0100 through 2860 9930, the Franchise Disclosure Document of Koko FitClub, LLC for use in the state of Minnesota shall be amended to include the following These disclosures shall supersede any inconsistent disclosures in the Franchise Disclosure Document

1 Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

2 With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C 14, Subds 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

3 Minnesota Rule 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn Stat §§ 80C 01 through 80C 22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules §§ 2860 0100 through 2860 9930, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows These provisions shall supersede any inconsistent provisions in the Franchise Agreement

1 Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

2 With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C 14, Subds 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

3 Minnesota Rule 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

4 Section 26 7 of the Franchise Agreement, under the heading entitled "Limitation of Claims," shall be supplemented by the addition of the following language

> Pursuant to Minn Stat § 80C 17 (subd 5), this Section 26 7 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn Stat § 80C 17

ADDENDUM TO KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn Stat §§ 80C 01 through 80C 22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules §§ 2860 0100 through 2860 9930, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows These provisions shall supersede any inconsistent provisions in the Area Development Agreement

1 Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

2 With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C 14, Subds 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

3 Minnesota Rule 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

4 Section 17 5 of the Area Development Agreement, under the heading entitled "Applicable Law and Dispute Resolution," shall be supplemented by the addition of the following language

> Pursuant to Minn Stat § 80C 17 (subd 5), this Section 14 7 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn Stat § 80C 17

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200 1 through 201 16, the Franchise Disclosure Document for Koko FitClub, LLC for use in the State of New York is amended as follows

1 Item 3, "Litigation," is amended by deleting the Item in its entirety, and substituting the following

> Neither Koko FitClub, LLC, nor any predecessor or principal of Koko FitClub, LLC, nor any person identified in Item 2, above, has any administrative, criminal, or a material civil or arbitration action (or a significant number of civil or arbitration actions irrespective of materiality) pending against him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations
>
> Neither Koko FitClub, LLC, nor any predecessor or principal of Koko FitClub, LLC, nor any person identified in Item 2 above, has been convicted of a felony or pleaded *nolo contendere* to any other felony charge or, during the ten-year period immediately preceding the date of this franchise disclosure document, been convicted of a misdemeanor or pleaded *nolo contendere* to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation
>
> Neither Koko FitClub, LLC, nor any predecessor or principal of Koko FitClub, LLC, nor any person identified in Item 2, above, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency

2 Item 4, "Bankruptcy," is amended by deleting the Item in its entirety, and substituting the following in lieu thereof

> Neither Koko FitClub, LLC, nor any affiliate, predecessor, officer or general partner during the 10 year period immediately before the date of the franchise disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge for its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

3 Item 17b of the Franchise Agreement table, under the heading entitled "Renewal or extension of the term," is supplemented with the following

> All rights enjoyed by you and any causes of action arising in your favor from the provisions of the New York General Business Law Sections 680-695 and its regulations will remain in force

4 Item 17d of the Franchise Agreement table, under the heading entitled "Termination by Franchisee," is supplemented with the following

> You may terminate the Franchise Agreement upon any grounds available by law

5 Item 17d of the Area Development Agreement table, under the heading entitled "Termination by Franchisee," is supplemented with the following

> You may terminate the Area Development Agreement upon any grounds available by law

6 Item 17j of the Franchise Agreement table, under the heading entitled "Assignment of contract by franchisor," is supplemented with the following

> However, no assignment may be made except to an assignee who, in the good faith judgment of Koko FitClub, LLC, is willing and able to assume and delegate all or any part of its rights or obligations under the Franchise Agreement

7 Item 17j under the Area Development Agreement table, under the heading entitled "Assignment of contract by franchisor," is supplemented with the following

> However, no assignment may be made except to an assignee who, in the good faith judgment of Koko FitClub, LLC, is willing

and able to assume and delegate all or any part of its rights or obligations under the Area Development Agreement

8 Item 17r of the Franchise Agreement table, under the heading entitled "Non-competition covenants after the franchise is terminated or expires," is supplemented by the addition of the following paragraph in item r

> You acknowledge that any violation of the terms of the covenants not to compete would result in irreparable injury to Koko FitClub, LLC for which no adequate remedy of law may be available, and you accordingly agree that Koko FitClub, LLC may seek an injunction prohibiting any conduct by you in violation of the terms of the covenant not to compete

9 Item 17r of the Area Development Agreement table, under the heading entitled "Non-competition covenants after the franchise is terminated or expires," is supplemented by the addition of the following paragraph in item r

> You acknowledge that any violation of the terms of the covenants not to compete would result in irreparable injury to Koko FitClub, LLC for which no adequate remedy of law may be available, and you accordingly agree that Koko FitClub, LLC may seek an injunction prohibiting any conduct by you in violation of the terms of the covenant not to compete

10 Item 17w of the Franchise Agreement table, under the subheading entitled "Choice of law," is supplemented by adding the following language

> However, the foregoing choice of law will not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the General Business Law of the State of New York

11 Item 17w of the Area Development Agreement table, under the subheading entitled "Choice of law," is supplemented by adding the following language

> However, the foregoing choice of law will not be considered a waiver of any right conferred upon the Area Developer by the provisions of Article 33 of the General Business Law of the State of New York

12 Each provision of this Addendum to the Franchise Disclosure Document is effective only to the extent, with respect to that provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200 1 through 201 16, are met independently without reference to this Addendum to the Franchise Disclosure Document

* * *

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Agreement") agree as follows

1 Section 2 2 8 of the Agreement, under the heading "Term and Renewal," is deleted in its entirety, and will have no force or effect, and the following paragraph is substituted in lieu thereof

> 2 2 8 Franchisee will execute a 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, provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied,

2 Section 14 1 of the Agreement, under the heading "Franchisor's Right to Transfer," is supplemented by the following language, which is considered an integral part of the Agreement

> However, no assignment may be made except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor's obligations under this Agreement

3 Section 14 3 3 of the Agreement, under the heading "Conditions of Transfer," is deleted in its entirety, and will have no force or effect, and the following paragraph is substituted in its place

> 14 3 3 The transferor has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, will remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied,

4 Section 26 1 of the Agreement, under the heading "Applicable Law," is supplemented by the following provisions

> , provided, however, nothing herein contained will bar Franchisor's right to seek injunctive relief against threatened conduct that may cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions In addition, the foregoing choice of law will not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 22 of the General Business Law of the State of New York

5 Each provision of this Amendment to the Franchise Agreement is effective only to the extent, with respect to that provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200 1 through 201 16 are met independently without reference to this Amendment

ADDENDUM TO KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Agreement") agree as follows

1 Section 7 1 of the Agreement, under the heading "Transfer of Interest," is supplemented by the following language, which is considered an integral part of the Agreement

> However, no assignment may be made except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor's obligations under this Agreement

2 Section 7 2 2 3 of the Agreement, under the heading "Transfer of Interest," is deleted in its entirety, and will have no force or effect, and the following paragraph is substituted in its place

> 7 2 2 3 The transferor has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, will remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied,

3 Section 17 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is supplemented by the following paragraph

> Provided, however, nothing herein contained will bar Franchisor's right to seek injunctive relief against threatened conduct that may cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions In addition, the foregoing choice of law will not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 22 of the General Business Law of the State of New York

4 Each provision of this Amendment to the Development Agreement is effective only to the extent, with respect to that provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695,

and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200 1 through 201 16 are met independently without reference to this Amendment

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

For franchisers and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the Koko FitClub, LLC, Franchise Disclosure Document

1 Item 17 is amended by the addition of the following language

(a) Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

(b) Covenants not to compete upon termination or expiration of a Franchise Agreement or Area Development Agreement are generally unenforceable in North Dakota, except in limited instances as provided by law

(c) Any provision in the Franchise Agreement or Area Development Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

(d) Any provision in the Franchise Agreement or Area Development Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota

(e) Apart from civil liability as set forth in Section 51-19-12 of the N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law

(f) Any provision in the Franchise Agreement or Area Development Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

2 In addition to the preceding changes, the Franchise Agreement and Area Development Agreement are each amended by the language contained in the attached addendums, for the following reasons

(a) Any provision in the Franchise Agreement or Area Development Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

(b) Any provision in the Franchise Agreement or Area Development Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

(c) Any provision in the Franchise Agreement or Area Development Agreement requiring the franchisee to consent to a limitation of claims within one year is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law The statute of limitations under North Dakota Law will apply

3 The State Cover Page and Item 5 is supplemented to include the following

Payment of all initial fees is deferred until all of the franchisor's initial obligations have been completed and the franchisee opens for business

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "**Act**"), the parties to the attached Koko FitClub, LLC Franchise Agreement (the "**Franchise Agreement**") agree as follows

1 Section 2 2 of the Franchise Agreement is revised to omit any requirement that a general release be signed as a condition of renewal

2 Notwithstanding Section 4 1 (or any other provision) of the Franchise Agreement, payment of all initial fees is deferred until all of the franchisor's initial obligations have been completed and the franchisee opens for business

3 Section 17 3 of the Franchise Agreement is revised to add the following

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota "

4 Section 26 of the Franchise Agreement is revised to add the following "The site of any mediation or arbitration must be agreeable to both parties "

5 Sections 26 1, 26 4, 26 7, 26 10 1, and 26 10 2 of the Franchise Agreement are deleted in their entirety

6 Each provision of this Addendum will be effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum

ADDENDUM TO KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "**Act**"), the parties to the attached Koko FitClub, LLC Area Development Agreement (the "**Area Development Agreement**") agree as follows

1 Notwithstanding Section 2 1 (or any other provision) of the Area Development Agreement, payment of the Development Fee and all other initial fees is deferred until all of the franchisor's initial obligations have been completed and the franchisee opens its first Koko FitClub location for business

2 Section 9 3 of the Area Development Agreement is revised to add the following

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota "

3 Section 17 2 of the Area Development Agreement is revised to add the following "The site of any mediation or arbitration must be agreeable to both parties "

4 Sections 17 1, 17 3, 17 4 1, 17 4 2, and 17 4 3 of the Franchise Agreement are deleted in their entirety

5 Each provision of this Addendum will be effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of Koko FitClub, LLC for use in the State of Rhode Island is amended to include the following

1 In Item 17, in the Table entitled "Franchise Agreement," the sentences in Items 17u and 17v is supplemented with the following language

> except that you may sue Koko FitClub, LLC in Rhode Island for claims arising under the Rhode Island Franchise Investment Act

2 In Item 17, in the Table entitled "Area Development Agreement," the sentences in Items 17u and 17v is supplemented with the following language

> except that you may sue Koko FitClub, LLC in Rhode Island for claims arising under the Rhode Island Franchise Investment Act

3 Item 17 is supplemented by the addition of the following language at the end of Item 17

> 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 "

4 Each provision of this Addendum to the Franchise Disclosure Document is 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

ADDENDUM TO THE
KOKO FITCLUB, LLC FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows

1 The following language is added at the end of Section 26 1 of the Franchise Agreement

> Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act

2 Each provision of this Amendment is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment

ADDENDUM TO THE
KOKO FITCLUB, LLC AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows

1 The following language is added at the end of Section 17 1 of the Area Development Agreement

> Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act

2 Each provision of this Amendment is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchise Investment Law, South Dakota Codified Laws Chap 37-5B, the Franchise Disclosure Document for Koko FitClub, LLC for use in the State of South Dakota is amended as follows

1 Item 5 is supplemented to include the following

Franchisor will defer payment of the initial franchise fee until its pre-opening obligations to Franchisee have been satisfied and the Koko FitClub has opened This fee deferral is being imposed by the Division of Securities of the South Dakota Department of Labor and Regulation based on the Franchisor's financial condition

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchise Investment Law, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows

1 Section 2 1 of the Franchise Agreement, under the heading "Initial Franchise Fee," is supplemented by the following

Payment of all initial fees is deferred until after all of Franchisor's initial obligations have been completed and Franchisee opens for business

ADDENDUM TO THE KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchise Investment Law, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows

1 Section 4 1 of the Area Development Agreement, under the heading "Development Fee," is supplemented by the following

Payment of all initial fees due to Franchisor is deferred until all of Franchisor's initial obligations have been completed and Developer opens its first location for business

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Koko FitClub, LLC for use in the Commonwealth of Virginia shall be amended as follows

1 Item 5 of the Franchise Disclosure Document shall be amended by the addition of the following language

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until we have completed our pre-opening obligations under the franchise agreement

2 Item 17 h of the Franchise Agreement table, under the heading entitled "'Cause' defined-non-curable defaults," shall be amended by the addition of the following language

> Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

3 In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Koko FitClub, LLC for use in the Commonwealth of Virginia shall be amended as follows

> Additional Disclosure The following statements are added to Item 17 h of the Franchise Agreement table, under the heading 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

4 Item 17 h of the Area Development Agreement table, under the heading entitled "'Cause' defined- non-curable defaults," shall be amended by the addition of the following language

> Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

5 In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Koko FitClub, LLC for use in the Commonwealth of Virginia shall be amended as follows

> Additional Disclosure The following statements are added to Item 17 h of the Area Development Agreement table, under the heading 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

6 Each provision of this Amendment 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 Amendment

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Agreement") agree as follows

1 Section 4 1 of the Agreement shall be amended by adding the following language at the end thereof

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under this Agreement

2 Each provision of this Amendment to the Franchise Agreement 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 Amendment

ADDENDUM TO THE KOKO FITCLUB, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Franchise Investment Protection Act § § 19 100 010 through 19 100 940, the Franchise Disclosure Document of Koko FitClub, LLC, for use in connection with the offer and sale of Koko FitClub, LLC franchises for use in the State of Washington is amended as follows

1 Item 5 is amended by the addition of the following language

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business

2 Item 17(b) of the Franchise Agreement and Area Development Agreement charts, under the heading entitled "Renewal or extension of the term," is supplemented with the following

The Washington Retail Franchise Investment Protection Act provides additional rights to franchisees concerning termination or non-renewal If any of the provisions of the Franchise Agreement conflict with the Washington Investment Protection Act, the provisions of the Washington Investment Protection Act will control

3 Item 17(f) of the Franchise Agreement and Area Development Agreement charts, under the heading entitled "Termination by franchisor with cause," is supplemented with the following

The Washington Retail Franchise Investment Protection Act provides additional rights to franchisees concerning termination or non-renewal If any of the provisions of the Franchise Agreement conflict with the Washington Investment Protection Act, the provisions of the Washington Investment Protection Act will control

4 Item 17(h) of the Franchise Agreement and Area Development Agreement charts, under the heading entitled "'Cause' defined non-curable defaults," is supplemented with the following

Washington law provides that, except in specified cases, a franchisee be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default

The Franchise Agreement provides for termination upon bankruptcy These provisions may not be enforceable under federal bankruptcy law (11 U S C § 101, et seq)

5 Item 17(m), of the Franchise Agreement and Area Development Agreement charts, under the heading entitled "Conditions for franchisor approval of transfer," is supplemented with the following

If you are located in Washington State, you must pay a transfer fee in the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the application to transfer, including legal and accounting fees

6 Each provision of this Addendum to the Franchise Disclosure Document is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Washington Retail Franchising Act, § § 19 100 010 through 19 100 940, are met independently without reference to this Addendum

7 In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

ADDENDUM TO KOKO FITCLUB, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act §§ 19 100 010 through 19 100 940, the parties to the attached Koko FitClub, LLC Franchise Agreement (the "Franchise Agreement") agree as follows

1 Section 1 3 of the Franchise Agreement, under the heading, "Franchisee's Territory," is supplemented by the addition of the following language

> Franchisor agrees not to compete unfairly with Franchisee within Franchisee's Territory

2 Section 4 1 of the Franchise Agreement, under the heading, "Initial Franchise Fee," is supplemented by the addition of the following language

> In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business

3 Section 14 3 of the Franchise Agreement, under the heading, "Conditions of Transfer," is supplemented by the addition of the following language

> The transfer fee is imposed to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) associated with reviewing any application as to any transfer under the Franchise Agreement However, the amount of the transfer fee will only be the amount necessary to compensate Franchisor for the expenses described above as a result of a transfer This fee is non-refundable

4 Section 15 2 of the Franchise Agreement, under the heading "Notice Without Opportunity to Cure," is supplemented by the addition of the following

> Washington law provides that, except in specified cases, a franchisee be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default

5 Section 26 1 of the Franchise Agreement, under the heading "Applicable Law," is supplemented by the addition of the following language which is considered an integral part of the Franchise Agreement

> Notwithstanding anything to the contrary herein, no provision of this Agreement is deemed to constitute a waiver of compliance

with any provision of the Washington Franchise Investment Protection Act

If any provisions of this Agreement conflict with the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act shall prevail

6 Each provision of this Amendment is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act " 19 100 010 through 19 100 940 are met independently without reference to this Amendment

ADDENDUM TO KOKO FITCLUB, LLC
AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act §§ 19 100 010 through 19 100 940, the parties to the attached Koko FitClub, LLC Area Development Agreement (the "Area Development Agreement") agree as follows

1 Section 1 5 of the Area Development Agreement, under the heading, "Grant," is supplemented by the addition of the following language

> Franchisor agrees not to compete unfairly with Developer within Franchisee's Territory

2 Section 2 1 of the Area Development Agreement, under the heading, "Development Fee," is supplemented by the addition of the following language

> In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any Development Fee or initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular with respect to its first Koko FitClub, and (b) its first Koko FitClub is open for business

3 Section 7 2 of the Area Development Agreement, under the heading, "Transfer by Developer," is supplemented by the addition of the following language

> The transfer fee is imposed to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) associated with reviewing any application as to any transfer under the Development Agreement However, the amount of the transfer fee will only be the amount necessary to compensate Franchisor for the expenses described above as a result of a transfer This fee is non-refundable

4 Section 8 3 of the Area Development Agreement, under the heading "Default and Termination," is supplemented by the addition of the following

> Washington law provides that, except in specified cases, a franchisee be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default

5 Section 17 1 of the Area Development Agreement, under the heading "Applicable Law and Dispute Resolution," is supplemented by the addition of the

following language which is considered an integral part of the Area Development Agreement

> Notwithstanding anything to the contrary herein, no provision of this Agreement is deemed to constitute a waiver of compliance with any provision of the Washington Franchise Investment Protection Act
>
> If any provisions of this Agreement conflict with the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act shall prevail

6 Each provision of this Amendment is effective only to the extent, with respect to that provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act " 19 100 010 through 19 100 940 are met independently without reference to this Amendment

ACKNOWLEDGMENT

It is agreed that the applicable foregoing State-Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addenda is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addenda

DATED this _____ day of _____, 20__

FRANCHISEE	**KOKO FITCLUB, LLC**
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

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EXHIBIT J
TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

RECEIPT
(Franchisee Copy)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this disclosure document and all agreements carefully

Except as provided in the paragraph below, if Koko FitClub, 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 payment to, Koko FitClub, LLC or an affiliate in connection with the proposed franchise sale

In addition, under the laws of New York and Rhode Island, Koko FitClub, LLC must provide this disclosure document to you at the earliest of (a) the first personal meeting to discuss the franchise, (b) 10 business days before you sign a binding agreement with it, or (c) 10 business days before you make any payment to it In addition, under the laws of Michigan, Koko FitClub, LLC must provide this disclosure document to you at the earliest of (a) 10 business days before you sign a binding agreement with it, or (b) 10 business days before you make any payment to it

If Koko FitClub, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the relevant state agency

Koko FitClub, LLC authorizes the agents listed in Exhibit B to receive service of process for it

The name, principal business address, and telephone number of the franchise seller(s) offering this franchise identified with a check mark below			
	Michael Lannon		Mary Obana
	John Martus		Michael Wood
			Other
The principal business address and telephone number for the individuals listed above is 300 Ledgewood Plac Massachusetts 02370 (Telephone 877-565-6348)			

Issuance Date June 2, 2017 (If you receive a State Addendum, the effective date of this disclosure document in your state is set forth in the State Addendum)

I received a disclosure document dated June 2, 2017, that included the following Exhibits

A	List of State Administrators	F	Financial Statements
B	List of Agents for Service of Process	G	Franchise Disclosure Questionnaire
C	Franchise Agreement	H	List of Franchisees
D	Area Development Agreement	I	State Addenda
E	Operating Standards Table of Contents	J	Receipts

Date _____ _____

Prospective Franchisee

_____

Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS

RECEIPT
(Franchisor Copy)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this disclosure document and all agreements carefully

Except as provided in the paragraph below, if Koko FitClub, 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 payment to, Koko FitClub, LLC or an affiliate in connection with the proposed franchise sale

In addition, under the laws of New York and Rhode Island, Koko FitClub, LLC must provide this disclosure document to you at the earliest of (a) the first personal meeting to discuss the franchise, (b) 10 business days before you sign a binding agreement with it, or (c) 10 business days before you make any payment to it In addition, under the laws of Michigan, Koko FitClub, LLC must provide this disclosure document to you at the earliest of (a) 10 business days before you sign a binding agreement with it, or (b) 10 business days before you make any payment to it

If Koko FitClub, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the relevant state agency

Koko FitClub, LLC authorizes the agents listed in Exhibit B to receive service of process for it

The name, principal business address, and telephone number of the franchise seller(s) offering this franchise is/are identified with a check mark below			
	Michael Lannon		Mary Obana
	John Martus		Michael Wood
			Other
The principal business address and telephone number for the individuals listed above is 300 Ledgewood Place, Rockland, Massachusetts 02370 (Telephone 877-565-6348)			

Issuance Date June 2, 2017 (If you receive a State Addendum, the effective date of this disclosure document in your state is set forth in the State Addendum)

I received a disclosure document dated June 2, 2017, that included the following Exhibits

A	List of State Administrators	F	Financial Statements
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C	Franchise Agreement	H	List of Franchisees
D	Area Development Agreement	I	State Addenda
E	Operating Standards Table of Contents	J	Receipts

Date _____

_____
Prospective Franchisee

_____
Name

PLEASE RETURN THIS COPY TO KOKO FITCLUB, LLC