FRANCHISE DISCLOSURE DOCUMENT

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Kolenda Strategic Leaders Academy™

FRANCHISOR

Strategic Leaders Academy LLC
A District of Columbia limited liability company
645 Constitution Avenue NE
Washington, DC 20002
(571) 303-8096
chris@strategicleadersacademy com
www strategicleadersacademy com

As a franchisee, you will provide business consultancy services, including consultancy in the areas of leadership, culture and strategy, through coaching, workshops, presentations and customized support, under the name "Kolenda Strategic Leaders Academy "

The total investment necessary to begin operation of a Kolenda Strategic Leaders Academy franchise is from $33,650 to $47,500 This includes $25,000 that must be paid to us Please see Items 5 and 7 for additional details

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

You may wish to receive your Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Christopher D Kolenda, Strategic Leaders Academy LLC, 645 Constitution Avenue NE, Washington, DC 20002, (571) 303-8096, chris@strategicleadersacademy com

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, DC 20580 You can also visit the FTC's home page at www ftc gov for additional information Call your state agency or visit your public library for other sources of information on franchising

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

Issuance Date. April 15, 2019

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit 1 for information about the franchisor, about other franchisors, 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 THE FRANCHISEE TO ARBITRATE ONLY IN THE DISTRICT OF COLUMBIA ARBITRATION OUT OF YOUR STATE MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN THE DISTRICT OF COLUMBIA THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE DISTRICT OF COLUMBIA 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 THIS NEW FRANCHISOR HAS BEEN IN BUSINESS FOR SUCH A SHORT PERIOD OF TIME THAT ITS FRANCHISES ARE A HIGHER RISK INVESTMENT THAN FRANCHISORS WITH A LONGER-TERM OPERATING HISTORY

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

5 THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU

6 THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER

7 WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARK THEREFORE, OUR TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK WHICH MAY INCREASE YOUR EXPENSES

8 THE TERRITORY IS NOT EXCLUSIVE YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS

9 YOU MUST MAKE ROYALTY AND ADVERTISING PAYMENTS BASED ON A SPECIFIED ANNUAL SALES PERFORMANCE LEVEL, EVEN IF YOU HAVE NO EARNINGS FAILURE TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT

10 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

STATE EFFECTIVE DATES

The effective dates of this Disclosure Document in the states listed below are

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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<u>EXHIBITS</u>

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

The Franchisor

Strategic Leaders Academy LLC, a District of Columbia limited liability company ("**we**" or "**us**" or "**our**" or "**Strategic Leaders Academy LLC**"), is the franchisor We and our affiliate have our principal place of business at 645 Constitution Avenue NE, Washington, DC 20002 We were formed on February 20, 2018 We conduct business under the name and mark "Kolenda Strategic Leaders Academy" and related names, marks and slogans

We are a franchising company which promotes and sells franchises for the operation of Kolenda Strategic Leaders Academy businesses We do not own or operate a business of the type being franchised, although we have an affiliate that does We have not offered franchises in any other line of business, and we are not engaged in any business other than granting franchises for Kolenda Strategic Leaders Academy businesses We have offered franchises since the date of this Disclosure Document (August 21, 2018)

Our agent for service of process is Christopher D Kolenda His principal business address is 645 Constitution Avenue NE, Washington, DC 20002 If we have an agent for service of process in your state, we disclose that agent in Exhibit 1

Our Parents, Affiliates and Predecessors

We have no predecessors or parent

The original Kolenda Strategic Leaders Academy business, currently located in Washington, DC, emerged from our affiliate, Kolenda Strategic Leadership, LLC (a District of Columbia limited liability company), and began its operations in Virginia in 2014 Our affiliate originally operated under the name "Strategic Leaders Academy" until changing the name to "Kolenda Strategic Leaders Academy" in July 2018

Our affiliate is not offering, and has never offered, franchises in any line of business We have no other affiliates required to be disclosed in this Disclosure Document

The Franchise Offered

We are offering franchises for businesses which provide business consultancy services, including consultancy in the areas of leadership, culture and strategy, through coaching, workshops, presentations and customized support, under the name "Kolenda Strategic Leaders Academy " (each a "**KSLA Business**") Each KSLA Business is established and operated using the format and system we developed (the "**System**"), and feature and operate under the Proprietary Marks (as described below) All products and services by KSLA Businesses are subject to our approval

KSLA Businesses are characterized by our System Some of the features of our System include (a) uniform procedures, standards and specifications, (b) consultancy programs and curricula, (c) training and assistance, and (d) marketing and promotional programs We may periodically change and improve the System

You must operate your KSLA Business in accordance with our standards and procedures, as set out in our Confidential Operations Manuals (the "**Manuals**") We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically) In addition, we will grant you the right to use our marks, including the mark "Kolenda Strategic Leaders Academy" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**") We may modify the Proprietary Marks or substitute new Proprietary Marks See Items 13 and 14 for additional information regarding the Proprietary Marks and the Manuals

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit 3 to this Disclosure Document) with qualified legal entities and persons ("**you**") that wish to establish and operate KSLA Businesses (In this Disclosure Document, "you" means the person or legal entity with whom we enter into an agreement The term "you" also refers to the owner of the corporation, partnership, or limited liability company that signs a Franchise Agreement as the "franchisee")

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a KSLA Business from a non-exclusive geographical area or territory (the "**Area of Primary Responsibility**") We will also grant you exclusive rights to directly solicit and market to your assigned primary and secondary ideal client classification within your Area of Primary Responsibility See Item 12 for additional details (In this Disclosure Document, the term "**Franchised Business**" means the KSLA Business franchised to you under a Franchise Agreement)

If you are not an individual, then you must designate your owner, who must be an individual person with a 100% ownership interest in the franchisee legal entity, to assume the responsibilities of general oversight and management of your Franchised Business (the "**Principal**")

Non-Use and Non-Disclosure Agreement

You will be required to sign a Non-Use and Non-Disclosure Agreement prior to receiving information from us we deem to be confidential This Non-Use and Non-Disclosure Agreement is included as Exhibit 5 to this Disclosure Document

The Market and Competition

The market for business consultancy services is well developed and competitive You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses These businesses compete on the basis of factors such as price, service and quality These businesses are often affected by other factors as well, such as changes in consumer habits, economic conditions and population, among other factors

Industry Specific Regulations

You must comply with all local, state and federal laws that apply to your Franchised Business operations, including discrimination, employment, and sexual harassment laws There may be other laws, rules or regulations which affect your Franchised Business, including laws concerning the protection of client's credit card numbers and financial data, minimum wage and labor laws, as well as The Affordable Care Act

We are not obligated to provide you with guidance about these laws and regulations and you are solely responsible for knowing about and complying with all laws and regulations applicable to your

Franchised Business We recommend that you consult with your attorney for an understanding of these laws

The United States enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA Patriot Act") We are required to comply with the USA Patriot Act To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U S government for criminal activity You may review the Patriot Act and related regulations at http //www treasury gov/offices/enforcement/ofac/sdn

ITEM 2
BUSINESS EXPERIENCE

Christopher D Kolenda, PhD Member, CEO and Founder

Dr Kolenda has been our Member and CEO since inception From April 2014 to the present, he has held the same position with our affiliate, Kolenda Strategic Leadership, LLC, as described in Item 1 From August 2011 to April 2014, Dr Kolenda was a Senior Advisor to the US Department of Defense in Washington, DC

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Franchise Agreement

When you sign the Franchise Agreement you must pay us an initial franchise fee of $25,000 (the "**Franchise Fee**") The Franchise Fee will be fully earned when paid and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunities to enter into the Franchise Agreement with others

We reserve the right to offer a reduced Franchise Fee of $15,000 to the first 10 franchisees entering our System

We may require that you pay us a non-refundable application fee of $250 prior to signing a Franchise Agreement in return for processing your franchise application If we approve you as a franchisee of the System, and you sign a Franchise Agreement, we will credit this amount toward your Franchise Fee

You must pay the Franchise Fee in full at the time you sign the Franchise Agreement With exception of the above, the Franchise Fee is uniform for all franchisees

In the event that you or your Principal fail to successfully complete, to our satisfaction, as determined in our sole discretion, our initial training requirements or if, within five (5) business days after completing our initial training requirements, we determine, in our sole discretion, that you are not qualified to successfully operate a KSLA Business, we may terminate the Franchise Agreement, in which case, you will receive a refund of the Franchise Fee, less $10,000, which we will keep to compensate us for our expenses incurred

Other Initial Fees

Aside from the Franchise Fee, currently there are no additional fees or items required to be purchased from us or our affiliates prior to opening

Deferred Fees

The California Department of Business Oversight requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and the franchisee is open for business

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Date Due	Remarks
Royalty ("**Royalty Fee**")	15% of Gross Revenues provided, however, each monthly Royalty Fee payment is subject to a minimum payment amount of $500 beginning 1 year following the date of the Franchise Agreement During each twelve (12) month period beginning one (1) year following the Effective Date, the Royalty Fee shall no longer be subject to the monthly minimum payment amount once you have made Royalty Fee payments totaling $6,000	By the 5th business day after the close of each month based on the Gross Revenues for that month (Note 2)	"**Gross Revenues**" means all revenue related to the Franchised Business (excluding client refunds and sales taxes collected and remitted to the proper authorities)

Type of Fee (Note 1)	Amount	Date Due	Remarks
Marketing Fund Obligation	Currently $0 per month, but subject to change, not to exceed $250 per month	Same as Royalty Fee	We reserve the right to require that you, during each month, contribute up to $250 to the "System Marketing Fund," to market and promote the Franchised Business (the "Marketing Fund Obligation") See Item 11 under the heading "Marketing"
Local Telephone and On-line Directories	Varies	Upon demand	We may require you to, or we may on your behalf, advertise your Franchised Business in local directories You must bear the costs for your Franchised Business, including reimbursements to us
Employee Training Fee	$10,000, per employee	Upon Demand	With our prior written consent, you may hire employees to provide approved products and services to clients of the Franchised Business In this event, you must have each such employee attend and successfully complete the training program we provided, at this cost, which amount is non-refundable See Item 11 under the heading "Training"
Additional on-site training and assistance	Our per-diem charge (which is currently $500 00, plus our out-of-pocket costs), per trainer	Upon Demand	If we require, in our sole discretion, that you receive additional training from us at your Franchised Business or if you ask that we (a) provide additional on-site training, or (b) conduct at your Franchised Business any training session that we offer at our headquarters, and we do so, then you will have to pay our then-current per-diem charge for extra training Item 11 under the heading "Training"

Type of Fee (Note 1)	Amount	Date Due	Remarks
Technology Fee	Currently $150 per month, but subject to change, not to exceed $250 per month	Same as Royalty Fee	We reserve the right to charge you a "Technology Fee" not to exceed $250 per month for products and services related to informational technology utilized in connection with the Franchised Business or System, excluding hardware and including, without limitation, Electronic Media, email addresses, customer relationship management platform, social media platforms and marketing, google drive or similar platforms, search engine optimization, Website (and subdomains) updates and maintenance, blogs, and mailing and email lists This fee is non-refundable, and subject to change in our sole discretion We may modify or discontinue the provision of any informational technology related products or services at any time, in our sole discretion
Other Fees related to Computer System and Software	None at this time		We reserve the right to implement a proprietary software system for all franchisees, which may require up-front, ongoing and maintenance fees See Item 11 under the heading "Computer System"
Transfer Fee	An amount equal to 50% of our then-current initial franchise fee	At time of transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company We do not impose a fee for a transfer to a corporation you form for the convenience of ownership

Type of Fee (Note 1)	Amount	Date Due	Remarks
Renewal Fee	An amount equal to 25% of our then-current initial franchise fee	Before renewal	The Franchise Agreement may be renewed after an initial term of 5 years You will only need to pay this fee if you renew the Franchise Agreement
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, and interest equal to 1 5% per month (but not more than any maximum rate set by law) The maximum allowable interest rate in California is 10% per annum	At time the Overdue Payments are paid	Only due if you don't pay us the amounts you owe on time Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due
Dues and Assessments Imposed by a Franchisee Advisory Council	As determined by a franchisee advisory council (if established) Currently – none	At the times required by a franchisee advisory council	We may form, or require that our franchisees form, a franchisee advisory council If one is formed, you must become a member if we require, and you must pay the fees and assessments imposed by the council
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us This may not be enforceable under California law
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs	Upon Demand	Payable only if we audit and the audit discloses an understatement in any statement or report of 3% or more (You will also have to pay the monies owed and interest on the underpayment (see "interest" above))
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so	Upon Demand	We have the right (but not obligation) to buy insurance coverage if you do not do so
Securities Offering	Our actual expenses	Upon demand	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering

Type of Fee (Note 1)	Amount	Date Due	Remarks
Costs and Attorneys' Fees	Will vary under circumstances	Upon Demand	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the Franchise Agreement
Indemnification	Will vary under circumstances	Upon Demand	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Business, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose

Explanatory Notes to Item 6 Table

1 Except as otherwise noted in this Item 6, we impose and collect all of the fees described above None of these fees are refundable All of the fees described above in this Item 6 are uniform for all franchisees

2 You must pay your royalties and System Ad Fund contributions by EFT (electronic funds transfer) To make arrangements for EFT, you must sign our current form of Authorization Agreement for Prearranged Payments (Direct Debits), which is an Exhibit to the Franchise Agreement (see Item 22)

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	$25,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Permits (Note 3)	$50 to $250	As arranged	As incurred	Local and other state government agencies

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Fixtures, Furnishings & Equipment (Note 4)	$0 to $1,000	As arranged	As incurred	Approved Suppliers
Computer System (Note 5)	$0 to $2,000	As arranged	As incurred	Approved Suppliers
Rent, Security Deposits and Utility Deposits (Note 6)	$0 to $1,500	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees (Note 7)	$2,500 to $3,000	As arranged	As arranged	Various service providers
Insurance Deposit (Note 8)	$0 to $1,000	As arranged	As arranged	Insurance providers
Initial Inventory of Supplies (Note 9)	$100 to $250	As arranged	As incurred	Approved Suppliers
Training Expenses (Note 10)	$1,000 to $3,500	As arranged	No Payment Required	Approved Suppliers and your employees
Additional Funds (for the initial 3 months of operations) (Note 11)	$5,000 to $10,000	As arranged	As needed	Approved Suppliers, employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT	$33,650 to $47,500			

Explanatory Notes to Item 7 Table

1 **General** – We do not impose or collect the fees or costs described in this Item 7, except for the items noted with "Us" in the column labeled "To Whom Paid " Except as described below, all fees and amounts that you must pay to us are non-refundable For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third party suppliers Our estimates in this Item 7 are based on our current KSLA Business model, our experience in developing and operating our affiliate-owned KSLA Business, and our knowledge of business practices and conditions in the general marketplace They are, however, only estimates and by their nature may change from time to time and may vary from location to location The figures do not provide for your cash needs to cover financing incurred by you or your other expenses You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Business (and which may extend for longer than the three month "initial period" described in Note 14 of this Item 7) You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to

cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which will in turn depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other KSLA Businesses, public awareness of our business, your ability to operate efficiently and in conformance with the System, and competition Because the exact amount of reserves will vary and cannot be meaningfully estimated, we urge you to carefully review these figures and the figures you obtain from your own inquiries with an experienced business advisor, such as an accountant or consultant, or a legal advisor, before making any decision to purchase a KSLA Business franchise or any other franchised business

2 **Franchise Fee** – The Franchise Fee shown in the chart above is uniform for all franchisees and the same for each Franchised Business opened, provided, we reserve the right to offer a reduced Franchise Fee of $15,000 to the first 10 franchisees entering our System The Franchise Fee is non-refundable See Item 5 for further details regarding the Franchise Fee

3 **Business Licenses and Permits** – These are general estimates for permits and licensing that may be required by local and state governments Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a KSLA Business You will pay these fees to governmental authorities before starting business You are solely responsible for obtaining all appropriate licenses and permits

4 **Fixtures, Furnishings & Equipment** – In the event you need office furniture, fixtures or equipment, such as a desk, desk chair, filing cabinet, printer and the like, you will need to purchase these items

5 **Computer and Point of Sale System** You must purchase or lease specified computers and related hardware, along with required third party software necessary to operate the Franchised Business The estimate includes the costs for the items that we currently require We may periodically require franchisees to update their computer systems to our then-current standards See Item 11 under the heading "Computer System" for additional information

6 **Rent and Security Deposits** – Prior to the commencement of operations of the Franchised Business, you must lease, purchase or otherwise secure a suitable premise for the operational office of the Franchised Business (the "**Franchised Office**") You may establish the Franchised Office from your residence, provided, that you fully comply with all applicable building, zoning and licensing laws, regulations and restrictions We have assumed the security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord The estimates assume that rent commences upon the Franchised Business' opening

7 **Professional Fees** – The estimate assumes that you will employ an attorney to help you negotiate your lease for the Franchised Business premises In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Franchised Business In addition, you may also form a corporation or other entity to operate the business Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the licensing requirements that may apply to your Franchised Business

8 **Insurance Deposit** – The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately three months of coverage Insurance costs will vary

depending upon factors such as the size and location of the Franchised Business Your obligations with respect to insurance are more fully described in Item 8

9 **Initial Inventory of Supplies** – You will need to purchase general office supplies to operate your KSLA Business

10 **Training Expenses** – You will incur expenses associated with our training program For this training program, we provide instructors and instructional materials at no charge for up to three (3) persons, but you must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) for your trainees As to the amounts shown, the low end of the estimate assumes that the trainees are within driving distance to the training location, and the high end assumes that other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training See Item 11 under the heading "Training" for additional details regarding the program

11 **Additional Funds** – You will need additional capital to support on-going expenses, such as payroll, rent and utilities, to the extent that these costs are not covered by sales revenue New businesses often generate a negative cash flow We estimate that the amount shown in the chart above will be sufficient to cover on-going expenses for the start-up phase or initial period of the business, which we calculate to be three months Such amounts are the minimum recommended levels and are only estimates There is no assurance that additional working capital will not be necessary during this initial period or after Your actual costs may vary considerably, depending, for example, on factors such as local economic conditions, the local market for the products and services, the prevailing wage rate, competition, the sales level achieved during the initial period of operation, and your management and training experience, skill, and business acumen You should review these figures carefully with a business advisor before making any decision to purchase the franchise You should take into account the cash outlays and probable losses that you may incur while you are trying to get established The disclosure laws require us to include this estimate of all costs and expenses to operate your franchise during the "initial period" of your business, which is defined as three months or a longer period if "reasonable for the industry " We are not aware of any established longer "reasonable period" for our industry, so our disclosures cover a three month period

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

Products and Other Purchases

General

We reserve the right to approve and require that you purchase any or all equipment, supplies, services, and products required for the establishment and operation of the Franchised Business from suppliers designated or approved in writing by us We may designate a single supplier, which may be us or one of our affiliates, for any item, in which event you must purchase such items exclusively from the designated supplier

In the event we designate a product, service or supplier, and you desire to purchase such product or service from a supplier other than those we have approved, you must submit to us a written request to approve the proposed product, service or supplier We will use our best efforts to complete our review within six months If we do not give our written approval within this six month period, we will be deemed to have disapproved the proposed product, service or supplier We may, from time to time, revoke our approval of any product, service or supplier

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

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the KSLA Businesses in our System If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of KSLA Businesses There are currently no purchasing or distribution cooperatives in our System

We and/or our affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with us, you, or other KSLA Businesses in the System We may use any amounts that we receive from suppliers for any purpose that we deem appropriate We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees During our last fiscal year, neither we nor our affiliates derived any revenues from the required purchases and leases of products and services by franchisees

We estimate that your purchases from approved suppliers will represent approximately 0% to 25% of your total purchases in establishing the Franchised Business, and approximately 0% to 25% in the continuing operation of the Franchised Business We also estimate that your purchases that must conform to our specifications will represent approximately 0% to 25% of your total purchases in establishing the Franchised Business, and approximately 0% to 25% of your total purchases in the continuing operation of the Franchised Business

We provide no material benefits to franchisees based on their use of suppliers or sources we approve No officer of ours owns an interest any approved supplier Currently, neither we nor any affiliate of ours is an approved supplier of any required product or service

Computer System

You will need to acquire (either by purchase or lease) the computer hardware and software system that we may specify from time to time You may use computer hardware that you already own, if such hardware meets with our approval See Item 11 under the heading "Computer System" for more information

Insurance

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

Currently, we do not require that you obtain insurance coverage, however, as indicated above, we reserve the right to do so at any time

We do not derive revenue as a result of our franchisees purchasing insurance coverage from designated carriers We provide no material benefits to franchisees based on their use of an approved insurance carrier

Advertising

As noted in Item 11 below, we will have the right to review and approval all marketing plans and promotional materials that you propose to use You may not implement any marketing plan or use any promotional material without our prior written consent

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

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

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(g) Compliance with standards and policies/Operating Manual	Sections 8, 10, and 13	8, 11, and 14
(h) Trademarks and proprietary information	Sections 8 8, 8 11, 9, and 10 2	13 and 14
(i) Restrictions on products/services offered	Sections 1 2, 1 3, 8 6 and 8 7	5, 8 and 16
(j) Warranty and client service requirements	Sections 8 8 and 23	16
(k) Territorial development and sales quotas	Section 1 and Exhibit A	12
(l) On-going product/service purchases	Section 8	8
(m) Maintenance, appearance and remodeling requirements	None	8
(n) Insurance	Section 14	7 and 8
(o) Advertising	Section 13	6, 7, 8, and 11
(p) Indemnification	Section 21 4	None
(q) Owner's participation / management and staffing	Sections 8 3	15
(r) Records/reports	Section 12	6
(s) Inspections/audits	Section 8 9	6 and 11
(t) Transfer	Section 15	17
(u) Renewal	Section 2 2	17
(v) Post-termination obligations	Sections 17 and 18 3	17
(w) Non-competition covenants	Section 18	17
(x) Dispute resolution	Section 27	17
(y) Liquidated Damages	Section 17 1	None

ITEM 10
FINANCING

Franchise Financing

Whether we will extend Financing, as well as the amount of financing that we choose to extend, will vary depending upon the availability of funds, your creditworthiness and the market conditions in your area If we provide financing to you, you must submit monthly financial information to us, such as an income statement, balance sheet, and supporting documents, as we periodically specify and in the formats we specify

Financing Terms

If we choose to extend financing to you, it will be limited to 50% of your Franchise Fee We will act as your lender and you will be required to sign a promissory note The period of repayment will be 12 months We do not require a security interest The interest rate for all financing is 2 5% annually You or, in the case of an entity, your principal, must personally guarantee the debt Each person liable on the promissory note must waive the benefit of the homestead exemption and of all other exemptions available to him or her and also waive presentment, demand, protest, notice of dishonor and all other notices of every kind and nature which he or she would otherwise be entitled to under the applicable law If you default on amounts owed, we can accelerate the obligation to pay the entire amount due, seek our collection costs including attorneys' fees from you, and terminate your Franchise Agreement The promissory note you will be required to sign is included as Exhibit F to the Franchise Agreement (see Item 22) We are free to sell, assign or discount these promissory notes to third parties For purposes of California, the interest rate for financing will not exceed 10% annually

We do not arrange for financing from other sources We do not guarantee your notes, leases or other obligations

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

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

Pre-opening Obligations

Before you open your Franchised Business

1 We will provide you with our standard initial training program (Training is also discussed below in this Item 11 under the subheading "Training ") We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement (Franchise Agreement, Sections 3 1, 6)

2 We will lend you, for the duration of the Franchise Agreement, copies of the Manual (which is more fully described in Item 14 below) (Franchise Agreement, Section 3 2)

Continuing Obligations

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

1 We may conduct, as we deem advisable, periodic inspections of the Franchised Business (Franchise Agreement, Sections 3 5, 8 9)

2 We will make available additional training programs, as we deem appropriate (Franchise Agreement, Sections 6 2, 6 5)

3 We may provide periodic advice or offer guidance to you in the marketing, management, and operation of the Franchised Business, as we determine (Franchise Agreement, Section 3 6)

4 We will provide you with one an e-mail in connection with the System (Franchise Agreement, Section 7 3)

5 We will review and shall have the right to approve or disapprove all advertising, marketing and promotional materials and efforts that you propose to use (Franchise Agreement, Section 3 5)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business We do not provide you with any assistance regarding equipment, signs, fixtures, opening inventory, and/or supplies

Franchised Office

Prior to the commencement of operations of the Franchised Business, you must lease, purchase or otherwise secure a Franchised Office for the Franchised Business You may establish the Franchised Office from your residence, provided, that you fully comply with all applicable building, zoning and licensing laws, regulations and restrictions The location of the Franchised Office must be within the Primary Area of Responsibility and otherwise subject to our written approval You may not change the location of the Franchised Office without obtaining our prior written approval

Opening of Franchised Business

You must satisfactorily complete our initial training program and commence operation of the Franchised Business within 3 months of the date of your Franchise Agreement Franchisee shall comply with all of Franchisor's pre-commencement requirements, conditions and procedures (including, without limitation, those regarding training, communications, marketing and the Franchised Office) prior to the commencement of operations, as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor If you do not satisfactorily complete our initial training program and commence operation of the Franchised Business within 3 months of the date of your Franchise Agreement, we may terminate the Franchise Agreement without providing you any refund

Computer System

You will need to acquire (either by purchase or lease) the computer hardware and software system (a "**Computer System**") that we may specify from time to time (Franchise Agreement, Section 7 1) The term Computer System refers to the hardware and software for the management and operation of the Franchised Business and for reporting and sharing information with us, and communication systems (including modems, cables, etc) Our requirements may fluctuate as does the price and availability of new computer technology As of the date of this Disclosure Document, our requirements are described below We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future

Currently, we require that you purchase and utilize in the Franchised Business the following Computer System components

- 1 laptop computer with Wi-Fi capability, compatible with specifications provided in the Manuals or otherwise in writing, including Windows operating software, Microsoft Office suite of applications, Google Chrome and Google Docs, and
- 1 smart phone

The current cost for purchasing the Computer System is approximately $0 to $2,000 You may use computer hardware that you already own, if such hardware meets with our approval The hardware and software that we describe above is not proprietary to us, but is proprietary property to the vendor and you may be required to sign a license or maintenance agreement in order to obtain and use the proprietary program

We reserve the right to implement fees related to any proprietary intranet and web based applications we may develop, which may require up-front and maintenance fees We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for the communications and information systems You will be required to maintain a high-speed internet connection at all times (i e , T1 line, DSL, cable modem)

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new KSLA Businesses Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System

You must provide us with independent access to your Computer System in the form and manner that we may request We reserve the right to download sales, other data and communications from your Computer System There is no contractual limitation on our right to receive this information We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System We will have the right to use such data in any manner that we deem appropriate without compensation to you You will face certain risks associated with the lack of contractual limitations on our access to your data, including risk of violation of applicable privacy laws or disclosure of your sensitive client/customer, employee, or company information resulting from cyber security events and/or data breaches

We will also have the right to establish a website or other electronic system providing private and secure communications (*e g* , an extranet or intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times If we require, you must establish and maintain access to the extranet or intranet in the manner we designate Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign (Franchise Agreement, Section 7 5)

Advertising

Recognizing the value of marketing, promotion and advertising, and the importance of the standardization of marketing programs to the furtherance of the goodwill and public image of the System, we reserve the right to require that you contribute up to $250 per month to our System Marketing Fund, as described below Our affiliate-owned KSLA Business may, but is not obligated to, contribute to the System Marketing Fund Currently (as indicated in Item 6) and until you receive written notice from us of a new contribution amount, the Marketing Fund Obligation shall be $100 per month We do not guarantee or promise that marketing efforts through the System Marketing Fund will provide you with clients for your Franchised Business Nor are we responsible for providing you or the Franchised Business with clients It is your responsibility to market for an obtain clients for your Franchised Business

System Marketing Fund

As of the date of this Disclosure Document, we have not yet established the System Marketing Fund When it is established, we anticipate that the amounts collected will be spent in one or more of print, social media or other electronic media

We (or our designee, which might be a corporate subsidiary or an advertising agency or consulting firm) will maintain and administer the System Marketing Fund, as follows

(a) We (or our designee) will direct all marketing programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs The System Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the System Marketing Fund

(b) The System Marketing Fund, and all contributions to and earnings from the System Marketing Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System This includes, among other things, the costs of preparing and conducting media marketing campaigns, direct mail advertising, marketing surveys and other public relations activities, employing advertising or public relations agencies, purchasing promotional items, conducting and administering internet marketing, and providing promotional and other marketing materials and services to the KSLA Businesses operated under the System

(c) You must contribute to the System Marketing Fund by EFT (electronic funds transfer) at the same time as the Royalty Fee is due All sums you pay to the System Marketing Fund will be maintained in an account separate from our other monies The System Marketing Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the System Marketing Fund We will have the right to charge the System Marketing Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the System Marketing Fund and marketing programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs) The System Marketing Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises

(d) We may make available to franchisees, from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the System Marketing Fund Additionally, we may sell such items to franchisees in the System at a reasonable price, and any proceeds from any those sales will be contributed to the System Marketing Fund

(e) If all of the money in the System Marketing Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year Although the System Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the System Marketing Fund The System Marketing Fund will not be terminated, however, until all monies in the System Marketing Fund have been spent for marketing or promotional purposes

(f) Upon request, we will make available to you an annual accounting of the System Marketing Fund receipts and disbursements We do not audit the System Marketing Fund

Local Marketing and Promotion

In addition to the Marketing Fund Obligation, you must spend a minimum of $100 on local marketing and promotion of the Franchised Business The term **"local marketing and promotion"** shall refer to, marketing and promotion related directly to the Franchised Business, and shall, unless otherwise specified, consist only of the direct costs of purchasing marketing materials, media, promotion, outreach, direct out-of-pocket expenses related to costs of marketing and promotion, and such other activities and expenses as we, in our sole discretion, may specify We may provide you, in the Manuals or otherwise in writing, information specifying the types of marketing and promotional activities and costs which shall qualify as "local advertising and promotion "

In addition to the Marketing Fund Obligation and local marketing and promotion, you must conduct a minimum of one "**Marketing Event**" each calendar quarter Such Marketing Events are subject to our approval and be limited to those types of events as set forth in the Manuals or otherwise in writing, and which may include events such as presentations and workshops

The Marketing Fund Obligation and required local marketing and promotion expenditures are minimum spending requirements only, and you are encouraged to expend additional funds for marketing and promotion related directly to the Franchised Business

Advisory Council

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

Website

The term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software The term Website includes, but is not limited to, Internet and World Wide Web home pages

We have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, KSLA Businesses, the franchising of KSLA Businesses, and/or the System We control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage We also have the right to discontinue operation of the website

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website You must comply with our policies with respect to the creation, maintenance and content of any such web pages

You may not establish a separate Website, without our prior written approval (which we are not be obligated to provide) If approved to establish a Website, you must comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website You must acknowledge and agree that any Website owned or maintained by or for the benefit of you shall be deemed "marketing" under the Franchise Agreement, and will be subject to (among other things) our approval

Training

Before your Franchised Business opens, you must complete all of our initial training requirements We will bear the cost of all training (instruction and required materials) for the initial training program You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this Disclosure Document)

We may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis If we require, in our sole discretion, that you receive additional training from us at your Franchised Business or if you ask that we (a) provide additional on-site training, or (b) conduct at your Franchised Business any training session that we offer at our headquarters, and we do so, then you will have to pay our then-current per-diem charge for extra training (See Item 6 of this Disclosure Document)

With our prior written consent, you may hire employees to provide approved products and services to clients of the Franchised Business In this event, you must have each such employee attend and successfully complete the training program we provided, at a cost of $10,000, which amount is non-refundable (See Item 6 of this Disclosure Document)

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

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-Requisite Review Content Manual	6 hours		Franchised Office
Pre-Requisite Review Content Videos	2 hours		Franchised Office
Pre-Requisite Review Sales Videos	2 hours		Franchised Office
Training Overview	2 5 hours		Our Headquarters
Training Marketing & Sales	5 hours		Our Headquarters
Training Leadership Habits	1 5 hours		Our Headquarters
Training Presentation Skills	3 hours		Our Headquarters
Training Culture Habits	3 hours		Our Headquarters
Training Strategy Habits	6 hours		Our Headquarters
Training Building Your Business	4 hours		Our Headquarters
Training Value Proposition, Marketing & Sales	3 5 hours		Our Headquarters
Follow-Up Coaching (Sales)	3 hours		Franchised Office
Follow-Up Coaching (Business)	3 hours		Franchised Office

The initial training, as described above, is currently conducted at the Franchised Office and our headquarters in Washington, DC Currently, training is conducted by Christopher D Kolenda, who has over 4 years of experience in the KLSA Business model

Manuals

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals, which Manuals are subject to change in our discretion The table of contents of our Manuals is provided in Exhibit 9 Our Manuals contain a total of 396 pages

ITEM 12
TERRITORY

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 You will receive a non-exclusive territory called the Area of Primary Responsibility, which will be mutually agreed upon by us Your Franchised Office must be located within your Area of Primary Responsibility The size and scope of your Area of Primary Responsibility will be contained in the Franchise Agreement and will be determined based upon various factors such as (a) whether your Area of Primary Responsibility is an urban area or a suburban area, (b) the number of businesses in the area, and (c) certain demographic factors, among other factors

You will also be assigned a primary and secondary ideal client classification (referred to in this Disclosure Document separately as a "**Primary Ideal Client**" or a "**Secondary Ideal Client**" and together as an "**Ideal Client**") which will be mutually agreed upon us During the term of your Franchise Agreement, and so long as you are in compliance with your obligations, you will have exclusive rights to directly solicit and market to your assigned Ideal Client within your Area of Primary Responsibility, and we will not directly solicit or market to, nor allow another franchisee to directly solicit or market to, your assigned Ideal Client within the Area of Primary Responsibility Your Area of Primary Responsibility may overlap with another franchisee's area of primary responsibility, in which case, each franchisee may continue to market to and solicit its assigned Ideal Client located within and outside its respective area of primary responsibility, subject to the below limitations

Your rights under the Franchise Agreement are limited to offering, selling and providing products and services which we authorize, and only to clients of the Franchised Business You are limited to directly soliciting or marketing to your assigned Ideal Client You may directly solicit or market to any Ideal Client located anywhere, except within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client Determination of what constitutes "direct" solicitation or marketing shall be determined in our sole judgment, but includes direct mail and telephone solicitation You may engage in marketing and promotional efforts, such as Internet, social media or other mass electronic media marketing efforts (subject to our approval) within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such activities are ancillary to your general marketing activities and you will be permitted to offer, sell and provide Approved Products and Services to an Ideal Client located within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such client has not been obtained as a result of your direct solicitation or marketing activities In the event of any dispute as to whether or not soliciting or marketing activities have been conducted within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, such dispute shall be submitted for determination by us and our decision will be final and binding upon you and such other franchisee(s) With respect to prospective client business developed through our efforts, through the System website, or other means, we may direct such client business to any franchisee of the System, in our sole discretion

With respect to prospective client business developed through our efforts through our Website or other means, we may direct such client business to any franchisee of the System, in our sole discretion

Our Reserved Rights under the Franchise Agreement

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

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including KSLA Businesses operating under the Proprietary Marks and the System selling the products and services at any location inside or outside of your Area of Primary Responsibility, regardless of their proximity to, or potential impact on the Franchised Businesses

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Business, at any location inside or outside of your Area of Primary Responsibility, regardless of their proximity to, or potential impact on the Franchised Businesses

(3) We may sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, within or outside your Area of Primary Responsibility, any products through toll free numbers, or the Internet, including those products bearing our Proprietary Marks, without providing any compensation to you

Additionally, during the term of your Franchise Agreement, we may (i) acquire one or more businesses that are the same as, or similar to, KSLA Businesses then operating under the System (each an "**Acquired Business**"), which may be at any location inside or outside of your Area of Primary Responsibility, notwithstanding the actual or threatened impact on sales of the Franchised Business, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a KSLA Business under the System

You may only relocate the Franchised Business with our written consent We will approve the relocation of your KSLA Business under the condition that you live within a reasonable distance of the proposed new area of primary responsibility and the area will support a KSLA Business from the standpoint of the number of businesses in the area and certain other demographic factors

ITEM 13
TRADEMARKS

The Franchise Agreement will grant you rights to use the Proprietary Marks in connection with your Franchised Business We have filed the following actual use trademark registration applications for the following Proprietary Marks, along with all required affidavits, on the Principal Register of the United States Patent and Trademark Office

Proprietary Mark	Serial Number	Filing Date	Registration Date
(Class 41)	88083098	August 17, 2018	Pending
Kolenda Strategic Leaders Academy (Class 41)	88085864	August 21, 2018	Pending
GUTS (Class 41)	88085879	August 21, 2018	Pending
Radical Courage (Class 41)	88085883	August 21, 2018	Pending

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

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court There is no pending infringement, opposition or cancellation proceeding There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state

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

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

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

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

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchised Business

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of KSLA Businesses, including, but not limited to, the Manuals, advertising and promotional materials, Website, Intranet, consultancy programs and curricula, web based applications for the management of your Franchised Business and all other systems, binders, videotapes, software, and printed materials which from time to time form part of the System (as well as all revisions and additions of or to any of the foregoing) We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials No agreement limits our rights to use or allow franchisees to use the copyrighted materials We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials If we require, you must immediately modify or discontinue using the copyrighted materials Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification

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

Confidential Information

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

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

Confidential Manuals

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

We may revise the contents of the Manuals, and you must comply with each new or changed standard We will notify you in writing of revisions to the Manuals You must ensure that the Manuals are kept current at all times If there is a dispute as to the contents of the Manuals, the terms of the master copies that we maintain at our home office will control

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

Under the Franchise Agreement, you (or, if you are an entity, your Principal) must be involved in the general oversight and management of the operations of the Franchised Business

If you are other than an individual, we may require that your Principal personally sign a guaranty, indemnification and acknowledgement (in the forms included as Exhibit C to the Franchise Agreement), guarantying and acknowledging the legal entity's covenants and obligations under that agreement Additionally, your employees with access to confidential information or who have received training may be required to sign agreements to maintain confidentiality and not compete with businesses under the System (our current form for this agreement is included in Exhibit E to the Franchise Agreement) See Items 14 and 17 for a further description of these obligations

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may provide only products and services that we have approved in writing and which conform to our standards and specifications (see also Item 8 above) We have the right, without limit, to change the types of authorized products and services You must provide all products and services that we approve and specify to be offered by all KSLA Businesses, unless we otherwise provide our written approval

Your rights under the Franchise Agreement are limited to offering, selling and providing products and services which we authorize, and only to clients of the Franchised Business You are limited to directly soliciting or marketing to your assigned Ideal Client You may directly solicit or market to any Ideal Client located anywhere, except within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client Determination of what constitutes "direct" solicitation or marketing shall be determined in our sole judgment, but includes direct mail and telephone solicitation You may engage in marketing and promotional efforts, such as Internet, social media or other mass electronic media marketing efforts (subject to our approval) within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such activities are ancillary to your general marketing activities and you will be permitted to offer, sell and provide Approved Products and Services to an Ideal Client located within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such client has not been obtained as a result of your direct solicitation or marketing activities In the event of any dispute as to whether or not soliciting or marketing activities have been conducted within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, such dispute shall be submitted for determination by us and our decision will be final and binding upon you and such other franchisee(s) With respect to prospective client business developed through our efforts, through the System website, or other means, we may direct such client business to any franchisee of the System, in our sole discretion

With respect to prospective client business developed through our efforts, through our Website or other means, we may direct such client business to any franchisee of the System, in our sole discretion

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

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section(s) in Franchise Agreement	Summary
(a)	Length of the franchise term	Section 2 1	5 years
(b)	Renewal or extension of the term	Section 2 2	Three renewal terms of 5 years each

Provision		Section(s) in Franchise Agreement	Summary
(c)	Requirements for franchisee to renew or extend	Section 2 2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, pay renewal fee, and others, see Sections 2 2 1 - 2 2 10 in Franchise Agreement If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights
(d)	Termination by franchisee	Section 16 6	Franchisee may terminate for Franchisor's breach of the Franchise Agreement after providing 60 days to cure
(e)	Termination by franchisor without cause	None	
(f)	Termination by franchisor with cause	Section 16	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds, see Section 16 of the Franchise Agreement Under the U S Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing
(g)	"Cause" defined – defaults which can be cured	Sections 16 3 and 16 4	All other defaults not specified in Sections 16 1 and 16 2 of the Franchise Agreement
(h)	"Cause" defined – non-curable defaults	Sections 16 1 and 16 2	Bankruptcy, abandonment, conviction of felony, and others, see Section 16 2 of the Franchise Agreement (Under the U S Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing)
(i)	Franchisee's obligations on termination/non-renewal	Section 17	Cease operating the Franchised Business, payment of amounts due, and others, see Section 17 1 – 17 11 of the Franchise Agreement

	Provision	Section(s) in Franchise Agreement	Summary
(j)	Assignment of contract by franchisor	Section 15 1	There are no limits on our right to assign the Franchise Agreement
(k)	"Transfer" by franchisee - defined	Section 15 2	Includes transfer of any interest
(l)	Franchisor approval of transfer by franchisee	Section 15 2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee
(m)	Conditions for franchisor approval of transfer	Sections 15 3 and 15 4	Release, signature of new Franchise Agreement, payment of transfer fee, and others, see Sections 15 3 1 – 15 3 11 and 15 4 of the Franchise Agreement
(n)	Franchisor's right of first refusal to acquire franchisee's business	Section 15 6	We can match any offer
(o)	Franchisor's option to purchase franchisee's business	None	
(p)	Death or disability of franchisee	Sections 15 7 and 15 8	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within a year after death or six months after the onset of disability
(q)	Non-competition covenants during the term of the franchise	Sections 18 2 and 18 5	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting clients to other businesses, and others, see Section 18 2 of the Franchise Agreement
(r)	Non-competition covenants after the franchise is terminated or expires	Sections 18 3 and 18 5	Includes a two year prohibition similar to "q" (above), at the Approved Location, or within 50 miles of the Franchised Business or any other KSLA Business in operation or under construction on the effective date of termination or expiration located anywhere
(s)	Modification of the agreement	Section 25	Must be in writing signed by both parties
(t)	Integration/merger clause	Section 25	Only the terms of the franchise agreement are binding (subject to state law) Any promises outside the Disclosure Document and Franchise Agreement may not be enforceable

Provision	Section(s) in Franchise Agreement	Summary
(u) Dispute resolution by arbitration or mediation	Section 27 2 and 27 3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business (Currently in Washington, DC)
(v) Choice of forum	Section 27 4	All mediations, arbitrations and litigation proceedings must be conducted in the city of our then current principal place of business (Currently in Washington DC) (Subject to applicable state law)
(w) Choice of law	Section 27 1	District of Columbia (Subject to applicable state law)

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

See Exhibit 2, the State Specific Addendum, for special state disclosures

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following table relates to the actual Gross Revenues collected for the 12-month periods ending December 31, 2016, 2017 and 2018 by our affiliate-owned KSLA Business Our affiliate-owned KSLA Business offers substantially the same services you will offer as a franchisee Our affiliate-owned KSLA Business does not differ materially from a KSLA Business operated by a franchisee

"Gross Revenues" means all revenue related to the KSLA Business (excluding client refunds and sales taxes collected and remitted to the proper authorities)

One outlet sold these amounts Your individual results may differ There is no assurance you will sell as much

The financial performance representation figures do not reflect operating expenses, or other costs or expenses that must be deducted from a gross revenue figure to obtain your net income or profit Historical sales, expenses, income or profit may not correspond to future sales, expenses, income and profit due to a variety of factors A new franchisee's individual financial results may differ from the results stated in this financial performance representation You should conduct an independent investigation of the costs and expenses you will incur in operating your KSLA Business Franchisees or former franchisees, if any, listed in this Disclosure Document, may be one source of this information

We have compiled the following information from the internal, unaudited financial statements of our affiliate for the period indicated The figures were not obtained from financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), but are believed to be reliable

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

Affiliate-Owned KSLA Business	Actual Gross Revenue
January 1, 2016 through December 31, 2016	$365,569
January 1, 2017 through December 31, 2017	$207,044
January 1, 2018 through December 31, 2018	$138,786

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Christopher D Kolenda, Strategic Leaders Academy LLC, 645 Constitution Avenue NE, Washington, DC 20002, (571) 303-8096, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For years 2016, 2017, and 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Company-Owned or Affiliate-Owned	2016	1	1	0
	2017	1	1	0
	2018	1	1	0
Total Outlets	2016	1	1	0
	2017	1	1	0
	2018	1	1	0

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2016, 2017, and 2018

State	Year	Number of Transfers
None	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Table No. 3
Status of Franchised Outlets
For years 2016, 2017, and 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
None	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Totals	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned or Affiliate-Owned Outlets
For years 2016, 2017, and 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
DC	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1

Table No 5
Projected Openings as of December 31, 2018

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
DC	0	6	0
Total	0	6	0

All numbers are as of December 31st for each year

A list of the names of all franchisees and the addresses and telephones numbers of their franchises will be provided in Exhibit 6 to this Disclosure Document when applicable

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit 7 to this Disclosure Document when applicable **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

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

There is no trademark-specific franchisee organization associated with us

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit 7 are the audited financial statements for the period from our inception (February 20, 2018) to December 31, 2018 Our fiscal year end is December 31st

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document

Exhibit 3 – Franchise Agreement, including the following agreements

- Guaranty (as Exhibit C)
- Authorization for Prearranged Payments (as Exhibit D)
- Non-Disclosure and Non-Compete Agreement for Employees (as Exhibit E)
- Promissory Note (as Exhibit F)
- Franchisee Disclosure Acknowledgment Statement (as Exhibit G)

Exhibit 4 – Non-Use and Non-Disclosure Agreement

ITEM 23
RECEIPT

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

EXHIBIT 1
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA	**CONNECTICUT**
Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94105 (415) 972-8559 Agent California Commissioner of Corporations	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2744 Agent Commissioner of Securities of the Department of Commerce and Consumer Affairs	**ILLINOIS** Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent Illinois Attorney General
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent Indiana Secretary of State Indiana Securities Division 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531	**MARYLAND** Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent Maryland Securities Commissioner

MICHIGAN	MINNESOTA
Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent Michigan Department of Commerce Corporations and Securities Bureau P O Box 30054 6546 Mercantile Way Lansing, Michigan 48909	Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198 (651) 296-6328 Agent Minnesota Commissioner of Commerce
NEBRASKA	**NORTH CAROLINA**
Nebraska Department of Banking and Finance 1200 N Street P O Box 95006 Lincoln, Nebraska 68509-5006	Department of the Secretary of State PO Box 29622 Raleigh, NC 27626-0622
NEW YORK	**NORTH DAKOTA**
Bureau of Investor Protection and Securities New York State Department of Law 23rd Floor 120 Broadway New York, New York 10271 (212) 416-8211 Agent New York Secretary of State 162 Washington Street Albany, New York 12231 (518) 474-4750	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910 Agent North Dakota Securities Commissioner
OREGON	**RHODE ISLAND**
Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent Director of Oregon Department of Insurance and Finance	Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401) 222-3048 Agent Director of Rhode Island Department of Business Regulation

SOUTH DAKOTA	TEXAS
Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013 Agent Director of South Dakota Division Securities	Secretary of State P O Box 12887 Austin, Texas 78711
VIRGINIA State Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Registered Agent Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219	**WASHINGTON** Director Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507 (360) 902-8760 Agent Securities Administrator, Director of Department of Financial Institutions General Admin Bldg , 3rd Floor 210-11th Avenue, S W Olympia, Washington 98504
WISCONSIN Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, Wisconsin 53703 (608) 266-3431 Agent Wisconsin Commissioner of Securities	

EXHIBIT 2
STATE SPECIFIC ADDENDUM
ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
STRATEGIC LEADERS ACADEMY LLC

The followıng are addıtıonal dısclosures for the Franchıse Dısclosure Document of Strategıc Leaders Academy LLC requıred by varıous state franchıse laws Each provısıon of these addıtıonal dısclosures wıll only apply to you ıf the applıcable state franchıse regıstratıon and dısclosure law applıes to you

CALIFORNIA

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

2 SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

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

4 The followıng ıs added at the end of Item 3

Neıther we, our parent, predecessor or affilıates nor any person ın Item 2 of the Dısclosure Document ıs subject to any currently effectıve order of any natıonal securıtıes assocıatıon or natıonal securıtıes exchange, as defined ın the Securıtıes Exchange Act of 1934, 15 U S C A Sections 78a et seq , suspendıng or expellıng such persons from membershıp ın that assocıatıon or exchange

5 Item 6 ıs amended by addıng the followıng to the Remarks ın the "Late Fee and Interest on Overdue Payments" sectıon

The maxımum allowable ınterest rate ın Calıfornıa ıs 10% per annum

6 The Department of Busıness Oversıght requıres that the franchısor defer the collectıon of all ınıtıal fees from Calıfornıa franchısees untıl the franchısor has completed all ıts pre-openıng oblıgatıons and franchısee ıs open for busıness

7 The followıng paragraphs are added at the end of Item 17

Calıfornıa Busıness and Professıons Code Sectıons 20000 through 20043 provıde rıghts to the franchısee concernıng termınatıon, transfer or nonrenewal of a franchıse If the Franchıse Agreement contaıns a provısıon that ıs ınconsıstent wıth the law, and the law applıes, the law wıll control

The Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise This provision might not be enforceable under California law

The Franchise Agreement provide for termination upon bankruptcy This provision might not be enforceable under federal bankruptcy law (11 U S C A Sections 101 et seq)

The Franchise Agreement require application of the laws of the District of Columbia This provision might not be enforceable under California law

The Franchise Agreement require pre-litigation mediation The mediation will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of our then-current principal place of business (currently the District of Columbia) The Franchise Agreement also require that any action you bring be commenced in federal or state courts in the District of Columbia or state, and in (or closest to) the county, where Franchisor's headquarters are then located (currently the District of Columbia) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516) Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

VIRGINIA

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

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the 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

Further, 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

EXHIBIT 3
FRANCHISE AGREEMENT

SLA

Kolenda Strategic Leaders Academy™

STRATEGIC LEADERS ACADEMY LLC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
IDEAL CLIENT

____
AREA OF PRIMARY RESPONISBILITY

____
EFFECTIVE DATE OF AGREEMENT

____
FULLY OPERATIONAL DATE

TABLE OF CONTENTS

EXHIBITS

FRANCHISE AGREEMENT

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

- Strategic Leaders Academy LLC, a District of Columbia limited liability company, whose principal place of business is 645 Constitution Avenue NE, Washington, DC 20002 ("**Franchisor**"), and

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

BACKGROUND

A Franchisor licenses a format and system (the "**System**") relating to the establishment and operation of consultancy businesses, which operate under the Proprietary Marks (as defined below) (each a "**KSLA Business**") KSLA Businesses provide business consultancy services, including consultancy in the areas of leadership, culture and strategy, through coaching, workshops, presentations and customized support, under the name "Kolenda Strategic Leaders Academy "

B The distinguishing characteristics of the System include (i) uniform procedures, standards and specifications, (ii) consultancy programs and curricula, (iii) training and assistance, and (iv) marketing and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time

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

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

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

F Franchisee has applied for a franchise to own and operate a KSLA Business, and such application has been approved by the Franchisor in reliance upon all of the representations made herein

NOW, THEREFORE, the parties agree as follows

1 <u>**GRANT**</u>

1 1 <u>**Grant and Acceptance**</u> Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to

(a) establish and operate a KSLA Business (the "**Franchised Business**"), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor, and (c) operate the Franchised Business from Franchisee's Area of Primary Responsibility (as defined in Section 1 2 below) in accordance with this Agreement

1 2 **<u>Area of Primary Responsibility</u>** Franchisee shall be assigned a geographical area called the "**Area of Primary Responsibility,**" to be mutually agreed upon by Franchisor and Franchisee, and specified in Exhibit A, Paragraph 2 to this Agreement Franchisee shall also be assigned a primary and secondary ideal client classification (referred to herein separately as a "**Primary Ideal Client**" or a "**Secondary Ideal Client**" and collectively as an "**Ideal Client**") to be mutually agreed upon by Franchisor and Franchisee, and specified in Exhibit A, Paragraph 3 to this Agreement During the term of this Agreement, and so long as Franchisee is in compliance with its obligations under this Agreement, Franchisee shall have exclusive rights to directly solicit and market to its assigned Ideal Client within the Area of Primary Responsibility, and Franchisor shall not directly solicit or market to, nor allow another franchisee to directly solicit or market to, Franchisee's assigned Ideal Client within the Area of Primary Responsibility Determination of what constitutes "direct" solicitation or marketing shall be determined as set forth in Section 1 3 Franchisee's Franchised Office shall be within the designated Area of Primary Responsibility Franchisee's Area of Primary Responsibility may overlap with another franchisee's area of primary responsibility, in which case, each franchisee may continue to market to and solicit its assigned Ideal Client located within and outside its respective area of primary responsibility, subject to the limitations of Section 1 3 Franchisee's rights in the Area of Primary Responsibility are subject to Franchisor's reserved rights in accordance with Section 1 6

1 3 **<u>Limitations</u>** Franchisee's rights hereunder shall be limited to offering, selling and providing products and services which are now authorized and may hereafter be authorized by Franchisor in writing for use in connection with the System ("**Approved Products and Services**") It is understood and agreed that Franchisee shall be limited to directly soliciting or marketing to its assigned Ideal Client Franchisee may directly solicit or market to any Ideal Client located anywhere (subject to Section 13 3), except within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client Determination of what constitutes "direct" solicitation or marketing shall be determined in the sole judgment of Franchisor, but shall include direct mail and telephone solicitation Notwithstanding the foregoing, Franchisee (i) may engage in marketing and promotional efforts, such as Internet, social media or other mass Electronic Media (as defined herein) marketing efforts within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such activities are ancillary to Franchisee's general marketing activities and (ii) shall be permitted to offer, sell and provide Approved Products and Services to an Ideal Client located within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, so long as such client has not been obtained as a result of Franchisee's direct soliciting or marketing activities within such area of primary responsibility in violation of this Section 1 3 In the event of any dispute as to whether or not soliciting or marketing activities have been conducted within the area of primary responsibility of another franchisee who has been assigned the same Ideal Client, such dispute shall be submitted for determination by Franchisor and Franchisor's decision shall be final and binding upon Franchisee and such other franchisee(s) With respect to prospective client business developed through the efforts of Franchisor through the System website or other means, Franchisor may direct such client business to any franchisee of the System, in its sole discretion

1 4 **<u>Full Time and Best Efforts, Performance Requirements</u>** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Principal (defined in Section 8 3 below)) shall devote full time and best efforts to the management and operation of the Franchised Business Following the first two (2) years of operation of the Franchised Business, if Gross Revenues are below the average of the lowest quartile producing franchisees operating under the System, Franchisor may, in its sole and absolute

discretion, require additional supervision or supplemental training at Franchisees cost pursuant to Section 6 6 If Gross Revenues fail to increase by ten percent (10%) within the subsequent twelve (12) month period, Franchisor may, in its sole and absolute discretion, (a) reduce or modify Franchisee's Area of Primary Responsibility or (b) refuse to renew this Agreement

1 5 **No Assurance, Representation, or Warranty** Franchisee hereby acknowledges and agrees that determination by Franchisor of the Area of Primary Responsibility does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the Area of Primary Responsibility for the Franchised Business or for any other purpose Determination by Franchisor of the Area of Primary Responsibility indicates only that Franchisor believes the Area of Primary Responsibility complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation Franchisor shall not be responsible for the failure of the Area of Primary Responsibility to meet Franchisee's expectations as to revenue or operational criteria

1 6 **Reserved Rights** Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein

1 6 1 To own, acquire, establish, and/or operate and license others to establish and operate, KSLA Businesses under the System at any location inside or outside of Franchisee's Area of Primary Responsibility, notwithstanding the actual or threatened impact on sales of the Franchised Business,

1 6 2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Business, at any location inside or outside of Franchisee's Area of Primary Responsibility, notwithstanding the actual or threatened impact on sales of the Franchised Business,

1 6 3 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, inside or outside of Franchisee's Area of Primary Responsibility, notwithstanding the actual or threatened impact on sales of the Franchised Business, any products or services through toll free numbers or the Internet, including those products bearing Franchisor's Proprietary Marks,

1 6 4 To (i) acquire one or more businesses that are the same as, or similar to, KSLA Businesses then operating under the System (each an "**Acquired Business**"), which may be at any location inside or outside of Franchisee's Area of Primary Responsibility, notwithstanding the actual or threatened impact on sales of the Franchised Business, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a KSLA Business under the System

2 TERM AND RENEWAL

2 1 **Initial Term** This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire five (5) years from the Effective Date

2 2 **Renewal** Franchisee may apply to operate the Franchised Business for three (3) consecutive terms of five (5) years each, if the following conditions are met prior to each renewal

2 2 1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement,

2 2 2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System,

2 2 3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, or approved suppliers of the System, and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof,

2 2 4 Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees,

2 2 5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, requirements to pay additional and/or higher fees such as royalties and marketing contributions, and differing territorial rights,

2 2 6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor,

2 2 7 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Business during the renewal term

2 2 8 Franchisee shall remit to Franchisor a renewal fee equal to twenty-five percent (25%) of Franchisor's then-current initial franchise fee

2 3 **Fully Operational Date** In the event Franchisee executes this Agreement while Franchisee or Franchisee's Principal is an active duty military service member or engaged in full-time employment, Franchisee shall be considered in transition status, meaning Franchisee or Franchisee's Principal shall not be required to work full time in connection with the Franchised Business during the transitional period from the Effective Date to the Fully Operational Date (as defined herein) Franchisor and Franchisee agree that Franchisee or Franchisee's Principal shall engage full time in connection with the Franchised Business no later than ____________, 20__ ("**Fully Operational Date**") In this event, notwithstanding anything to the contrary in Section 2 1, this Agreement shall expire five (5) years from the Fully Operational Date "

3 DUTIES OF FRANCHISOR

3 1 **Initial Training** Franchisor shall provide its initial training ("**Initial Training**") for Franchisee (or, if Franchisee is other than an individual, the Principal) Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate

3 2 **Loan of Manuals** Franchisor shall provide Franchisee, on loan, Franchisor's confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the "**Manuals**"), as more fully described in Section 10 hereof

3 3 **Marketing Programs and Materials** Franchisor shall review and shall have the right to approve or disapprove all marketing and promotional materials that Franchisee proposes to use, pursuant to Section 13 below Franchisor shall administer the System Marketing Fund, if such fund exists, in the manner set forth in Section 13 below

3 4 **Guidance** Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Business as Franchisor determines at the time(s) and in the manner determined by Franchisor

3 5 **Inspections** Franchisor shall conduct, as it deems advisable, inspections of the operation of the Franchised Business by Franchisee

3 6 **Delegation** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct

3 7 **Fulfillment of Obligations** In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor (or its affiliates) has an interest and Franchisor's (and its affiliates') own activities, (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates, (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor (or its affiliates) has an interest, and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as it sees fit Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3 9, and that nothing in this Section 3 9 shall in any way affect Franchisee's obligations under this Agreement

4 FEES

4 1 **Franchise Fee** In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor, in full upon the execution of this Agreement, an initial franchise fee of Twenty-Five Thousand Dollars ($25,000) (the "**Franchise Fee**") as reflected in Exhibit A, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable as set forth in Section 4 2 below If Franchisee does not satisfactorily complete Franchisor's Initial Training and commence operation of the Franchised Business within three (3) months of the Effective Date (pursuant to Section 5 1), Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee In the event Franchisee desires to operate KSLA Businesses in multiple areas, a separate Franchise Agreement shall be executed, and a separate Franchise Fee shall be paid, for each Area of Primary Responsibility Franchisor reserves the right to offer a reduced Franchise Fee of Fifteen Thousand Dollars ($15,000) to the first ten (10) franchisees entering the System Franchisor further reserves the right to require that Franchisee pay a non-refundable application fee of Two Hundred Fifty Dollars ($250) prior to the execution of this Agreement in return for processing Franchisee's application to become a franchisee of the System, which amount shall be credited toward Franchisee's payment of the Franchise Fee

4 2 **Refundability** Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others

4 3 **Franchise Fee Financing** Franchisor reserves the right, in its sole discretion, to finance Franchisee's payment of up to fifty percent (50%) of the Franchise Fee In the event Franchisor agrees to such financing, Franchisee shall execute a promissory note in the form attached hereto as Exhibit F

4 4 **Royalty Fee** In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to offer, sell and provide the Approved Products and Services to the general public, and for the use of the Proprietary Marks, Franchisee shall pay to Franchisor, each month during the term of this Agreement, in addition to the Franchise Fee set forth herein, a Royalty Fee equal to fifteen percent (15%) of Gross Revenues generated by, from, or through the Franchised Business (**"Royalty Fee"**) and report to Franchisor, in the manner specified by Franchisor, its Gross Revenues (a "**Revenue Report**"), provided, however, each monthly Royalty Fee payment shall be subject to a minimum payment amount equal to Five Hundred Dollars ($500) beginning one (1) year following the Effective Date During each twelve (12) month period beginning one (1) year following the Effective Date during the term of this Agreement, the Royalty Fee shall not be subject to the monthly minimum payment amount once Franchisee had made Royalty Fee payments totaling Six Thousand Dollars ($6,000) As used in this Agreement, the term **"Gross Revenues"** means all revenue from the sale of all products and services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit, provided, however, that "Gross Revenues" excludes any client refunds made in good faith, and/or sales taxes collected from clients by Franchisee and actually transmitted to the appropriate taxing authorities

4 5 **Marketing Contributions** Franchisee shall make monthly marketing contributions for marketing and promotion as Franchisor may direct pursuant to Section 13 1

4 6 **Technology Fee** During the term of this Agreement, Franchisor reserves the right to charge Franchisee a **"Technology Fee"** not to exceed Two Hundred Fifty Dollars ($250) per month for products and services related to informational technology utilized in connection with the Franchised Business or System, excluding hardware and including, without limitation, Electronic Media, email addresses, customer relationship management platform, social media platforms and marketing, google drive or similar platforms, search engine optimization, Website (and subdomains) updates and maintenance, blogs, and mailing and email lists The amount of the Technology Fee shall be set forth in the Manuals or otherwise in writing by Franchisor All fees paid in accordance with this Section 4 6 are non-refundable, and subject to change in Franchisor's sole discretion Franchisor may modify or discontinue the provision of any informational technology related products or services at any time

4 7 **When Payments Due** All payments required by Sections 4 4 above based on the Gross Revenues for the preceding month, the Revenue Report required by Section 4 4 for the Gross Revenues for the preceding month, and payments required by Sections 4 5 and 4 6 shall be paid and submitted so as to be received by Franchisor by the fifth (5^{th}) business day after the close of each month Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 12 2 below, at the time and in the format reasonably requested by Franchisor Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under this Agreement Franchisee shall execute Franchisor's current form of "Authorization Agreement for Prearranged Payments," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manuals Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of the Royalty Fee and Marketing Contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee's generation and receipt of Gross Revenues Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the System Marketing Fund, or others Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including, without limitation, Royalty Fees or marketing contributions, nor withhold or delay submission of any reports due hereunder including, but not limited, to Revenue Reports Franchisee further agrees that it shall, at all times throughout the term of this Agreement, maintain a minimum balance of Two Thousand

Five Hundred Dollars ($2,500 00) in Franchisee's bank account against which such electronic funds transfers shall be drawn for the Franchised Business operated under this Agreement

4 8 **Designated Accountants and Fees** If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Business Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such reasonable amount as the service provider or Franchisor may periodically designate

4 9 **Additional Payments** Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor, which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement

4 10 **Overdue Payments and Reports** Any payment, contribution, statement, or report not actually received by Franchisor on or before such due date shall be overdue If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, and (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1 5%) per month, or the maximum rate permitted by law, whichever is less Entitlement to such interest shall be in addition to any other remedies Franchisor may have

4 11 **No Waiver** Acceptance by Franchisor of the payment of any Royalty Fee, or any and all other payments provided for in this Agreement, shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement Acceptance of any payment on account of the Royalty Fee or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights hereunder

4 12 **No Subordination** Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise

5 **OPENING OF THE FRANCHISED BUSINESS**

5 1 **Commencement of Operations** Unless delayed by the occurrence of events constituting "force majeure," as defined in Section 5 3 below, Franchisee shall satisfactorily complete Franchisor's Initial Training and commence operation of the Franchised Business within three (3) months of the Effective Date Franchisee shall comply with all of Franchisor's pre-commencement requirements, conditions and procedures (including, without limitation, those regarding training, communications, marketing and the Franchised Office) prior to the commencement of operations, as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor If Franchisee does not satisfactorily complete Franchisor's Initial Training and commence operation of the Franchised Business within three (3) months of the Effective Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee

5 2 **Franchised Office** Prior to the commencement of operations of the Franchised Business, Franchisee shall lease, purchase or otherwise secure a suitable premise for the operational office of the Franchised Business, which premises shall be specified in Exhibit A, Paragraph 1 to this Agreement (the "**Franchised Office**") Franchisee may establish the Franchised Office from Franchisee's residence, provided, that Franchisee fully complies with all applicable building, zoning and licensing laws, regulations and restrictions The location of the Franchised Office shall be within the

Primary Area of Responsibility and otherwise subject to the written approval of Franchisor Franchisee shall not change the location of the Franchised Office approved by Franchisor without again obtaining the prior written approval of Franchisor

5 3 **Force Majeure** As used in this Agreement, "**force majeure**" means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Franchisee, provided, however, force majeure shall not include Franchisee's lack of adequate financing

6 TRAINING

6 1 **Initial Training and Attendees** Before opening the Franchised Business, Franchisee shall have satisfied all Initial Training obligations required by Franchisor, which are as follows

6 1 1 Franchisee (or, if Franchisee is other than an individual, the Principal) shall attend and successfully complete, to Franchisor's satisfaction, the Initial Training offered by Franchisor at a location designated by Franchisor The duration of the Initial Training will be approximately three (3) to four (4) weeks, and subject to change During the Initial Training, Franchisee shall receive instruction, training and education in the operation of the Franchised Business and indoctrination into the System In the event that (i) Franchisee (or, if Franchisee is other than an individual, the Principal) shall fail to successfully complete, to Franchisor's satisfaction, as determined in Franchisor's sole discretion, the Initial Training offered by Franchisor or (ii) within five (5) business days after the Initial Training has been completed, Franchisor determines, in its sole discretion, that Franchisee is not qualified to successfully operate a KSLA Business, Franchisor may terminate this Agreement, in which case, notwithstanding anything to the contrary in this Agreement, Franchisee shall receive a refund of the Franchise Fee, less Ten Thousand Dollars ($10,000), which Franchisor shall keep to compensate Franchisor for its expenses incurred prior to such termination

6 1 2 Franchisee must satisfy all pre-opening training requirements under this Section 6 1 prior to the opening of the Franchised Business

6 1 3 With Franchisor's prior written consent, Franchisee may hire employees to provide Approved Products and Services to clients of the Franchised Business In this event, Franchisee shall cause each such employee to attend and successfully complete the training program provided by Franchisor for this purpose Franchisee shall further pay to Franchisor an amount equal to Ten Thousand Dollars ($10,000) for each employee trained by Franchisor, which amount is non-refundable

6 2 **Refresher Training** Subject to Section 6 6, Franchisor may also require that Franchisee, its Principal and any employee attend such refresher courses, seminars, conventions, retreats and other training programs as Franchisor may reasonably require from time to time In the event Franchisee fails to attend a mandatory annual System convention or retreat, as determined by Franchisor, Franchisee shall pay a fine equal to One Thousand Dollars ($1,000) for each such absence

6 3 **Training Costs** The cost of all training (instruction and required materials) shall be borne by Franchisor, except as provided in Sections 6 5 All other expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and insurance, shall be borne by Franchisee

6 4 **Location of Training** All training programs shall be at such times as may be designated by Franchisor Training programs shall be provided at Franchisor's headquarters, online and/or such other locations as Franchisor may designate

6 5 **Additional On-Site Training** If Franchisor determines, in its sole discretion, that Franchisee, its Principal or any employee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee, its Principal or any employee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manuals or otherwise in writing If Franchisee requests that Franchisor provide additional supervision or supplemental training or that any training programs offered or required by Franchisor be conducted for Franchisee at the Franchised Business (or Franchised Office), then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, set forth in the Manuals or otherwise in writing

7 TECHNOLOGY

7 1 **Computer Systems and Required Software** The following terms and conditions shall apply with respect to the Computer System and Required Software

7 1 1 Franchisor reserves the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among KSLA Businesses, including without limitation (a) tablet, lap top and/or desk top computer system and telephone system for use at KSLA Businesses, between or among KSLA Businesses, and between and among the Franchised Business and Franchisor and/or Franchisee, (b) printers and other peripheral devices, (c) archival back-up systems, (d) audio/video equipment, and (e) internet access mode and speed (collectively, the "**Computer System**")

7 1 2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate (a) computer software applications/programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install, (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install, (c) the tangible media upon which such Franchisee shall record data, and (d) the database file structure of Franchisee's Computer System

7 1 3 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**")

7 1 4 Franchisee shall record all Gross Revenues on Franchisee's Computer System

7 1 5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor

7 2 **Data** Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Business's members) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request Franchisor hereby licenses use of such data

back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement

7 3 **<u>E-mail Address</u>** Franchisee shall be provided one (1) e-mail address in connection with the Franchised Business, which e-mail address shall be utilized, styled, named, configured and hosted through the service provider and domain as set forth by Franchisor in the Manuals or otherwise in writing Franchisee (or, if Franchisee is not an individual, the Principal) must utilize such e-mail address when conducting business in connection with the Franchised Business Franchisee acknowledges that Franchisor will maintain ownership of all System e-mail accounts, including all content and associated files of such e-mail accounts, and further that Franchisor shall have the unlimited right to actively review and monitor each System e-mail account at its discretion

7 4 **<u>Privacy</u>** Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding the Franchised Business and clients thereof ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall (a) comply with the requirements of applicable law, (b) immediately give Franchisor written notice of said conflict, and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law

7 5 **<u>Telecommunications</u>** Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require

7 6 **<u>Intranet</u>** Franchisor may establish a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "**Intranet**") Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct) Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet Franchisor is under no obligation to establish such Intranet system

7 7 **<u>Websites</u>** As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software The term Website includes, but is not limited to, Internet and World Wide Web home pages In connection with any Website, Franchisee agrees to the following

7 7 1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, KSLA Businesses, the franchising of KSLA Businesses, and/or the System Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage, Franchisor shall also have the right to discontinue operation of the website

7 7 2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's Website Franchisee shall comply with Franchisor's policies with respect to the

creation, maintenance and content of any such web pages, and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page

7 7 3 Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide) If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "marketing" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 13 below

7 7 4 Franchisor shall have the right to modify the provisions of this Section 7 relating to Websites as Franchisor shall solely determine is necessary or appropriate

7 8 **Online Use of Marks** Franchisee shall not, without the prior written approval of Franchisor, use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any Electronic Media Franchisee agrees not to transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever regarding KSLA Businesses by e-mail or any other "**Electronic Media**" without Franchisor's prior written consent and in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish Electronic Media shall include, but not be limited to, blogs, microblogs, social networking sites (such as Facebook, LinkedIn and Instagram), video-sharing and photo-sharing sites (such as YouTube), review sites, marketplace sites, Wikis, chat rooms and virtual worlds

7 9 **No Outsourcing without Prior Written Approval** Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefor Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor

7 10 **Changes to Technology** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System, and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose

8 OTHER DUTIES OF FRANCHISEE

8 1 **Details of Operation** Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand, to protect KSLA Businesses operating under the System, and to protect the reputation and goodwill of Franchisor

8 2 **Compliance with the Agreement, including the Manuals** Franchisee shall operate the Franchised Business in strict conformity with this Agreement and such standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from

deviating from such standards, specifications, and procedures without the prior written consent of Franchisor

8 3 **Management of Business & Principal** If Franchisee is other than an individual, prior to beginning training, Franchisee shall designate, the "**Principal**" who is both an individual person and owns one hundred percent (100%) beneficial interest in Franchisee, and who shall be responsible for the full-time daily supervision, general oversight and management of the operations of the Franchised Business In the event the person designated as the Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly designate a new Principal, subject to Franchisor's reasonable approval

8 4 **Staffing** In order to protect and enhance the System and the goodwill associated with the Proprietary Marks, in the event Franchisee has the need of employees, Franchisee agrees to take such steps as are necessary to ensure that its employees preserve good client relations, render competent, prompt, courteous, and knowledgeable service, comply with such uniforms and/or dress code as Franchisor may prescribe, and meet such minimum standards as Franchisor may establish from time to time in the Manuals Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees, in addition to compliance with all applicable federal, state, and local laws, rules and regulations

8 5 **Minimum Hours of Operation** Franchisee shall operate the Franchised Business for such minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing

8 6 **Conformity to Standards** To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing Without limitation, Franchisee agrees as follows

8 6 1 Franchisee shall offer, sell and provide only those Approved Products and Services that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor, and Franchisee shall offer, sell and provide all Approved Products and Services as Franchisor may specify from time to time as required offerings at the Franchised Business Franchisee is prohibited from offering, selling or providing any products or services at or from the Franchised Business that have not previously been authorized by Franchisor, and shall discontinue selling, offering and providing any products and services which Franchisor shall have disapproved, in writing, at any time If Franchisee wishes to offer, sell or provide any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer, sell or provide such products or services in accordance with Section 8 7 below Franchisor may deny such approval for any reason

8 6 2 Franchisee shall participate in all client surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products or services, provided that such discounted or complimentary sales shall not be included in the Gross Revenues of the Franchised Business Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to clients

8 7 **Purchases and Approved Suppliers** Franchisor reserves the right to approve and require that Franchisee purchase any or all equipment, supplies, services, and products required for the establishment and operation of the Franchised Business from Suppliers designated or approved in writing by Franchisor (as used in this Section 8 7 the term "**Supplier**" shall include manufacturers, distributors

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

8 7 1 In the event Franchisor designates a product or service and/or a Supplier, and Franchisee desires to purchase such product or service from a Supplier other than those approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization Franchisor may deny such approval for any reason, including its determination to limit the number of approved Suppliers Franchisee must submit to Franchisor such information as Franchisor may reasonably require in order to make its determination

8 7 2 Franchisor reserves the right, at its option, to revoke any designated and approved product, service or Supplier at any time

8 7 3 Nothing in the foregoing shall be construed to require Franchisor to approve any particular Supplier, nor to require Franchisor to make available to prospective Suppliers, standards for approval and/or specifications for formulas, which Franchisor shall have the right to deem confidential

8 7 4 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known Suppliers who are willing to supply all or some KSLA Businesses with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of KSLA Businesses In this event, Franchisor may limit the number of approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and services, and/or refuse any of Franchisee's requests for approval if Franchisor believes that this action is in the best interest of the System or the franchised network of KSLA Businesses Franchisor shall have unlimited discretion to approve or disapprove of the Suppliers who may be permitted to sell products and services to Franchisee

8 7 5 Franchisor and its affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees, and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate

8 8 __No Warranties__ Franchisee acknowledges and agrees that in purchasing products or services from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN**

8 9 __Inspections__ Franchisee shall permit Franchisor and its agents to conduct inspections of the Franchised Business Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its

agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand The foregoing shall be in addition to such other remedies Franchisor may have

8 10 **Trademarked Items** Franchisee shall ensure that all marketing and promotional materials (including, without limitation, all forms and stationery used in the Franchised Business, email signatures and social media profiles), and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor Franchisee shall utilize all KSLA Business promotional materials in accordance with Franchisor's specifications

8 11 **Offerings and Pricing** Franchisor may, in the exercise of its reasonable business judgment and to the extent permitted by applicable law, establish certain prices for Approved Products and Services, or a range of acceptable prices, or minimum advertised pricing that, in any case, shall be adhered to by Franchisee and all other similarly situated KSLA Businesses

8 12 **Compliance** Franchisee shall comply with all federal, state and local laws, rules and regulations applicable to the Franchised Business Franchisor shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, operational licenses, licenses to do business and fictitious name registration

8 13 **Attire** Franchisee shall dress in a professional manner as set forth in the Manuals or otherwise in writing

8 14 **Prohibited Product/Service Fine** In the event Franchisee sells any product or performs any service that Franchisor has not prescribed, approved or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product or from performing such service and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved product or service is offered or provided by Franchisee The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law

8 15 **Participation in Promotions** Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing

8 16 **Obligations to Third Parties** Franchisee must at all times pay its suppliers, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due Failure to do so shall constitute a breach of this Agreement

8 17 **Notice of Legal Actions** Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Business, (ii) may adversely affect the operation or financial condition of the Franchised Business, or (iii) may adversely affect Franchisee's financial condition

8 18 **Franchisee Advisory Councils** If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter

"**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to marketing, advertising, and other matters relating to franchised KSLA Businesses, Franchisee may be required to become a member of the Advisory Council In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing

8 19 **Changes to the System** Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of KSLA Businesses Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, programs, standards, policies and procedures, forms, equipment and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials Changes to the System may further include, without limitation, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination, and modifying or substituting entirely the equipment, signage, and uniform specifications and all other operational attributes which Franchisee is required to observe hereunder Franchisee shall, upon reasonable notice, accept, implement, use in the operation of the Franchised Business any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular area or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any KSLA Business or the System Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing

8 20 **Modifications Proposed by Franchisee** Franchisee shall not implement any change to the System (including the use of any product or service not already approved by Franchisor) without Franchisor's prior written consent Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or service for which Franchisee requests Franchisor's approval (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor

8 21 **Non-Disparagement** Franchisee shall not communicate or publish, directly or indirectly, any disparaging or defamatory comments or information about Franchisor during the term of this Agreement or thereafter This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media, as defined herein

9 PROPRIETARY MARKS

9 1 **Ownership** Franchisor represents with respect to the Proprietary Marks that

9 1 1 Franchisor is the owner of the Proprietary Marks

9 1 2 Franchisee acknowledges that Franchisor has not made any representation or warranty to the effect that the Proprietary Marks which have not been registered with appropriate authorities shall be registered or are able to be registered therein, and the failure to obtain registrations of any of the Proprietary Marks shall not be deemed to be a breach of the terms of this Agreement by Franchisor Moreover, Franchisee shall cooperate with Franchisor and its representatives, at Franchisors expense, in the prosecution of any applications or registrations of any Proprietary Marks which have been filed with the appropriate authorities Franchisor undertakes to keep Franchisee informed of the progress in obtaining registration of the Trademarks

9 2 **License to Franchisee** Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement in connection with the operation of the Franchised Business, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor

9 3 **Terms of Franchisee's Usage** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that

9 3 1 It shall use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor Further, Franchisee shall not use any confusingly similar Trademarks in connection with its franchise or any other business in which it has an interest,

9 3 2 It shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved marketing for the business conducted at or from that location,

9 3 3 It shall operate and market the Franchised Business only under the name "Kolenda Strategic Leaders Academy" and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor

9 3 4 It shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium Franchisee may, as necessary to conduct the business of the Franchised Business and to obtain governmental licenses and permits for the Franchised Business, indicate that Franchisee shall be operating the Franchised Business under the trade name "Kolenda Strategic Leaders Academy," provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Business,

9 3 5 It shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, and as Franchisor may designate in writing,

9 3 6 It shall not use the Proprietary Marks in such a way as to incur any obligation or indebtedness on behalf of Franchisor, and

9 3 7 It shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of the Proprietary Marks

9 4 **Franchisee Acknowledgments** Franchisee expressly understands and acknowledges that

9 4 1 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's right to use and to license others to use, the Proprietary Marks,

9 4 2 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks,

9 4 3 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks,

9 4 4 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others (a) to use the Proprietary Marks itself, (b) to grant other licenses for the Proprietary Marks, and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee,

9 4 5 Franchisor reserves the right to approve all signs, memos, stationery, business cards, marketing material forms and all other objects and supplies using the Proprietary Marks All marketing, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use,

9 4 6 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Proprietary Marks and shall promptly discontinue the use and display of outmoded or superseded Proprietary Marks, at Franchisee's expense Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages,

9 4 7 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans, and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that he is associated with Franchisor To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks

from unauthorized use Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs,

9 4 8 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and market using only the Proprietary Marks designated by the Franchisor Franchisee shall not do business or market using any other name Franchisee is not authorized to and shall not use the words "Kolenda" or "Strategic Leaders Academy," separately or by themselves, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection,

9 4 9 In order to preserve the validity and integrity of the Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations Franchisee shall cooperate with and assist Franchisor's representative in such inspections,

9 4 10 Franchisee shall be required to affix the ™ or ® symbol upon all marketing, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Kolenda Strategic Leaders Academy" or any other of the Proprietary Marks, whether presently existing or developed in the future,

9 4 11 Franchisee acknowledges that it does not have any right to deny the use of the Proprietary Marks to any other franchisees In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Proprietary Marks,

9 4 12 If, during the term of this Agreement, there is a claim of prior use of any of the Proprietary Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Proprietary Marks in such a way and at Franchisor's discretion in order to avoid a continuing conflict,

9 4 13 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee,

9 4 14 Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Proprietary Marks or that, in Franchisor's judgment, may affect the goodwill of the System, and Franchisor may, in such circumstances, undertake any other action which it deems appropriate Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake In that event, Franchisee shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor, and

9 4 15 Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which it is held liable in any proceeding in which Franchisee's use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the

defense of any such claim brought against it or in any such proceedings in which it is named as a party, provided that Franchisee has timely notified the Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor If the Franchisor defends such claim, the Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee

10 **MANUALS**

10 1 **The Manuals and Furnishings to Franchisee** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals, which Franchisee shall receive on loan from Franchisor, in a manner chosen by Franchisor, via electronic access, hard copy volumes, computer disks, videotapes, or otherwise, including such amendments thereto, as Franchisor may publish from time to time, upon completion by Franchisee of initial training Franchisee expressly acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, the use of the Internet

10 2 **The Manuals are Proprietary and Confidential** Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor

10 3 **The Manuals Remain Franchisor's Property** The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place at the Franchised Office, and shall be returned to Franchisor, as set forth in Section 17 9 below, upon the termination or expiration of this Agreement

10 4 **Revisions to the Manuals** Franchisor may from time to time revise the contents of the Manuals to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the Proprietary Marks or to meet competition, and Franchisee expressly agrees to comply with each new or changed standard Franchisee shall insure that the Manuals are kept current at all times In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the home office of Franchisor shall be controlling

10 5 **Part of Agreement** From the date of the opening of the Franchised Business, the mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures

11 **CONFIDENTIAL INFORMATION**

11 1 **Agreement with Respect to Confidentiality** Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, and/or the marketing, management or operations of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement Franchisee shall divulge such confidential information only

to such of its employees as must have access to it in order to operate the Franchised Business Any and all information, knowledge, know-how, and techniques concerning Franchisor, the System, and/or the marketing, management or operations of the Franchised Business shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor, or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others

11 2 **Individual Covenants of Confidentiality** Franchisee shall require any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current forms of which are contained in the Manuals

11 3 **Remedies for Breach** Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11

11 4 **Grantback** Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques, curricula, presentations, workshops, products and services, software applications, and software application improvements conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Business Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques, software applications, software application improvements in all businesses operated by Franchisor or its affiliates, franchisees and designees Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques, software applications, software application improvements or products Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique, software application or product without obtaining Franchisor's prior written approval

12 ACCOUNTING AND RECORDS

12 1 **Books and Records** With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing Franchisee shall maintain during the term of this Agreement full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to (i) cash receipts journal and general ledger, (ii) cash disbursements schedule, (iii) monthly bank statements, deposit slips and cancelled checks, (iv) all tax returns, (v) invoices (paid and unpaid), and (vi) such other records as Franchisor may from time to time request

12 2 **Franchisee's Reports to Franchisor** Franchisee shall

12 2 1 At Franchisor's option, prepare by the twentieth (20th) day after each monthly accounting period any or all of the following (i) balance sheet, (ii) profit and loss statement, (iii) cash flow statement and (iv) an activity report for the last preceding calendar month, which shall be in the form

prescribed by Franchisor Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request

12 2 2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year Franchisee shall certify such financial statements to be true and correct Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements, (that includes a fiscal year-end balance sheet, an income statement of the Franchised Business for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP

12 2 3 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor may provide to Franchisee

12 2 4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in writing from time to time (including without limitation the requirement that Franchisee provide or make available to Franchisor certain sales and financial information in electronic format and/or by electronic means)

12 3 **Inspection and Audit** Franchisor reserves the right to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee

13 MARKETING AND PROMOTION

13 1 **Franchisee's Marketing Fund Obligations** Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows

13 1 1 Franchisor reserves the right to require that Franchisee, during each month, contribute up to Two Hundred Fifty Dollars ($250) to the System Marketing Fund, pursuant to Section 13 2 below to market and promote the Franchised Business (the "**Marketing Fund Obligation**") As of the Effective Date and until Franchisee receives written notice from Franchisor of a new contribution amount, the Marketing Fund Obligation shall be equal to zero dollars ($0) per month

13 1 2 In addition to the Marketing Fund Obligation, Franchisee shall spend a minimum of One Hundred Dollars ($100) each month on local marketing and promotion of the Franchised Business As used in this Agreement, the term "**local marketing and promotion**" shall refer to, marketing and promotion related directly to the Franchised Business, and shall, unless otherwise specified, consist only of the direct costs of purchasing marketing materials, media, promotion, outreach, direct out-of-pocket expenses related to costs of marketing and promotion, and such other activities and expenses as Franchisor, in its sole discretion, may specify Franchisor may provide to Franchisee, in the Manuals or otherwise in writing, information specifying the types of marketing and promotional activities and costs which shall qualify as "local advertising and promotion "

13 1 3 In addition to the Marketing Fund Obligation and as part of the local marketing and promotion requirement, Franchisee shall conduct a minimum of one "**Marketing Event**" each calendar quarter during the term of this Agreement Such Marketing Events shall be subject to

Franchisor's approval and be limited to those types of events as set forth in the Manuals or otherwise in writing, and which may include events such as presentations and workshops

13 1 4 The Marketing Fund Obligation and required local marketing and promotion expenditures are minimum spending requirements only, and Franchisee may, and is encouraged to, expend additional funds for marketing and promotion related directly to the Franchised Business

13 1 5 Franchisee acknowledges and agrees that Franchisor has no obligation or responsibility to provide Franchisee or the Franchised Business with prospective clients or clients, and that Franchisee hereby undertakes the obligation to market and promote the Franchised Business and to obtain prospective clients and clients on its own behalf

13 2 System Marketing Fund Franchisor shall have the right at any time, in its sole discretion to establish a fund for system-wide marketing and promotion of the System (the "**System Marketing Fund**") During the existence of the System Marketing Fund, Franchisee shall contribute to the System Marketing Fund in the manner specified in Section 4 5 above, such amounts as specified in accordance with Section 13 1 above The System Marketing Fund shall be maintained and administered by Franchisor as follows

13 2 1 Franchisor shall direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof Franchisor is not obligated, in administering the System Marketing Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the System Marketing Fund

13 2 2 The System Marketing Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media marketing campaigns, direct mail marketing, marketing surveys and other public relations activities, employing marketing and/or public relations agencies to assist therein, sponsorship of organizations and events, purchasing promotional items, conducting and administering internet marketing, and providing promotional and other marketing materials and services to the KSLA Businesses operating under the System

13 2 3 Franchisee shall contribute to the System Marketing Fund by separate payment made payable (or as otherwise directed for payment) to Franchisor All sums paid by Franchisee to the System Marketing Fund shall be accounted for separately and shall not be used to defray any of the expenses of Franchisor, except for such reasonable costs, salaries and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the System Marketing Fund and marketing programs for operators and the System, including costs of personnel for creating and implementing marketing, advertising, and promotional programs The System Marketing Fund and any earnings from it shall not otherwise inure to the benefit of Franchisor Franchisor shall maintain separate bookkeeping accounts for the System Marketing Fund

13 2 4 Franchisor, upon request, shall provide Franchisee with an annual accounting of System Marketing Fund receipts and disbursements

13 2 5 Franchisor reserves the right, in its sole discretion, to discontinue the System Marketing Fund upon written notice to Franchisee

13 2 6 Franchisor may, but is not required to, make available to Franchisee from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the System Marketing Fund Franchisee acknowledges and agrees that it shall be reasonable for Franchisor to not provide any such materials to Franchisee during any period in which Franchisee is not in full compliance with its obligations to contribute to the System Marketing Fund Additionally, if monies of the System Marketing Fund are used to produce point of sale materials, or other samples or other promotional materials and items, Franchisor may, on the behalf of the System Marketing Fund, sell such items to franchisees in the System at a reasonable price, and any proceeds from the sale of such items or materials shall be contributed to the System Marketing Fund

13 3 **Standards for Marketing** All marketing, advertising and promotion to be used by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify Franchisee shall not use any marketing or promotional plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, pursuant to the procedures and terms set forth in Section 13 4 herein

13 4 **Franchisor's Approval of Proposed Plans and Materials** If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee shall submit samples of all such marketing and promotional plans and materials to Franchisor (as provided in Section 24 herein) for prior approval (including prices to be charged) If written notice of approval is not received by Franchisee from Franchisor within five (5) business days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have not approved them

13 5 **On-Line Listings** Franchisor reserves the right to required that Franchisee obtain listings in and/or market with Franchisor and other franchisees in the System, on electronic yellow page directories and other on-line directories as Franchisor may designate Franchisor reserves the right to place such, and subsequently modify or remove, on-line listings and advertisements on behalf of Franchisee For any listings or advertisements posted by or on behalf of Franchisee, Franchisee shall promptly pay, upon demand by Franchisor, its pro-rata share of the costs Additionally, these activities may be carried out through the use of the System Marketing Fund

13 6 **Ownership of Marketing Plans and Materials** Franchisee acknowledges and agrees that any and all copyrights in and to marketing and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision Any marketing, advertising, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee

14 INSURANCE

14 1 **Insurance** Franchisor reserves the right to require that Franchisee procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Business, as Franchisor may reasonably

require for its own and Franchisee's protection Franchisor and such of its respective affiliates shall be named additional insured in such policy or policies on a primary and noncontributory basis

14 2 **Coverages** Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing, provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for KSLA Businesses, and if required by Franchisor, Franchisee shall obtain its insurance coverage from the designated insurance company (or companies) The policy or policies shall include, without limitation, at a minimum, general liability, commercial automobile liability, business interruption, property damage and worker's compensation insurance We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchised Business, and shall protect against all acts of any persons who patronize the Franchised Business and shall contain a waiver of subrogation against Franchisor Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect the Franchised Business, and such notice shall be provided no later than the date upon which Franchisee notifies its insurance carrier

14 3 **Certificates of Insurance** The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor At least ten (10) days prior to the commencement of operations of the Franchised Business, and at least ten (10) days prior to any policy renewals, Franchisee shall provide Franchisor with a Certificate of Insurance showing compliance with Franchisor's insurance requirements Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums Maintenance of such insurance and the performance by Franchisee of the obligations under this Section shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee

14 4 **Franchisor's Right to Procure Insurance for Franchisee** Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice

15 TRANSFER OF INTEREST

15 1 **Franchisor's Rights to Transfer** Franchisor shall have the right, without the need for Franchisee's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment Upon any such transfer or assignment, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any If Franchisor transfers or assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "Kolenda Strategic Leaders Academy" business or to offer or sell any products or services to Franchisee In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System, may sell its securities in a public offering or in a private placement, may merge,

acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring

15 2 **No Transfers Without Franchisor's Approval** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principal of Franchisee, if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principal's business skill, financial capacity, and personal character Accordingly

15 2 1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber (a) the rights and/or obligations of Franchisee under this Agreement, or (b) any material asset of Franchisee or the Franchised Business

15 2 2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities

15 2 3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner Each general partner shall automatically be deemed a Principal under this Agreement

15 2 4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any ownership interest of the Principal in Franchisee, as such is identified in Exhibit B

15 3 **Conditions on Transfer** Franchisor shall not unreasonably withhold any consent required by Section 15 2 above However, if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would (a) have the effect of changing control of Franchisee, (b) result in the assignment of the rights and obligations of Franchisee under this Agreement, or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Business, Franchisor shall have the right to require any or all of the following as conditions of its approval

15 3 1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full,

15 3 2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, or any approved supplier of the System,

15 3 3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees,

15 3 4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor,

15 3 5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible and business standards, as well as good moral character, business reputation, and credit rating), has the aptitude and ability to operate the Franchised Business, absence of conflicting interests, and has adequate financial resources and capital to operate the Franchised Business,

15 3 6 At Franchisor's option, the transferee (and, if the transferee is not an individual, such Principal of the transferee as Franchisor may request) shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees,

15 3 7 If so requested by Franchisor, the transferee, at its expense, shall upgrade the Franchised Business, and other equipment to conform to the then-current standards and specifications of new KSLA Businesses then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor

15 3 8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability,

15 3 9 The transferee (and, if the transferee is not an individual, such Principal of the transferee as Franchisor may request) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect upon such terms and conditions as Franchisor may reasonably require,

15 3 10 Franchisee shall pay a transfer fee in an amount equal to fifty percent (50%) of Franchisor's then-current initial franchise fee to compensate Franchisor for its expenses incurred in connection with the transfer

15 3 11 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 18 below

15 4 **Additional Terms** For any transfer not covered by Section 15 3, each transferee (and, if the transferee is not an individual, such Principal of the transferee as Franchisor may request) shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 15 2, be subject to the requirements of Sections 15 3 3 and 15 3 4 above (with respect to execution of releases and personal guarantees)

15 5 **Right of First Refusal** If Franchisee or its Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor (or Franchisor's affiliate) shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor (or Franchisor's affiliate) intends to purchase the seller's interest on the same terms and conditions offered by the third party, provided, however, a

spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15 5 If Franchisor (or Franchisor's affiliate) elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor (or Franchisor's affiliate), or, if longer, on the same timetable as contained in the *bona fide* offer

15 5 1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer Failure of Franchisor to exercise the option afforded by this Section 15 5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer

15 5 2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor (or Franchisor's affiliate) may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor (or Franchisor's affiliate) may purchase the interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination The cost of any such appraisal shall be shared equally by Franchisor and Franchisee If Franchisor (or Franchisor's affiliate) elects to exercise its right under this Section 15 5, Franchisor (or Franchisor's affiliate) shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller

15 6 **Death of a Principal** Upon the death of the Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party acceptable to and approved by Franchisor within twelve (12) months after the death

15 7 **Permanent Disability of Controlling Principal** Upon the permanent disability of the Principal, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months, and from which recovery within six (6) consecutive months from the date of determination of disability is unlikely Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 15 7 as of the date of refusal Franchisor shall pay the cost of the required examination

15 8 **Notice to Franchisor of Death or Permanent Disability** Upon the death or permanent disability of Franchisee or the Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer

15 9 **Limited Exceptions** Notwithstanding anything to the contrary in this Section 15, if Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 15 3 6 (signing a new franchise agreement), 15 3 7 (upgrading the Franchised Business), and 15 3 10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that (a) Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, (b) the Principal personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations and covenants of the Franchisee under the Franchise Agreement, (c) Franchisee executes a Transfer of Franchise form as prescribed and approved by Franchisor, (d) such transferee entity is newly organized and its business

purpose is confined exclusively to operating the Franchised Business under this Agreement, and (e) Franchisee and the Principal execute any and all other ancillary agreements as Franchisor may require

15 10 **No Waiver** The consent of Franchisor to any transfer pursuant to this Section 15 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by any transferor or transferee

15 11 **Bankruptcy** If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U S Bankruptcy Code or any similar law in the U S or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 15

15 12 **No Transfers in Violation of Law** Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

16 DEFAULT AND TERMINATION

16 1 **Automatic Termination** Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, if Franchisee is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), if Franchisee is dissolved, or if execution is levied against Franchisee's business or property

16 2 **Termination Upon Notice** Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately by giving written notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following events

16 2 1 If Franchisee fails to complete all pre-commencement obligations and commence operations in accordance Section 5 1,

16 2 2 If Franchisee or its Principal is charged with a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the interest of Franchisor therein,

16 2 3 If Franchisee's action or inaction, at any time, results in the loss of the right or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Business is located,

16 2 4 If Franchisee or its Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 hereof,

16 2 5 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor,

16 2 6 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor,

16 2 7 If Franchisee fails to comply with the covenants in Section 18 1 below or fails to timely obtain execution of the covenants required under Section 18 4 and 19 2 below,

16 2 8 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Business in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks or the rights of Franchisor therein,

16 2 9 If Franchisee, after curing a default pursuant to Sections 16 3 or 16 4 hereof, commits the same default again, whether or not cured after notice,

16 2 10 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16 2 9 above),

16 2 11 If Franchisee at any time fails to conduct any consultancy work in connection with the Franchised Business for two (2) consecutive months unless such failure is approved in writing by Franchisor, or excused by *force majeure*, or

16 2 12 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure

16 3 **Notice and Opportunity to Cure - 7 Days** Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require

16 3 1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or

16 3 2 If Franchisee refuses to permit Franchisor to inspect the operations of the Franchised Business, books, records, or accounts of Franchisee upon demand

16 4 **Notice and Opportunity to Cure - 30 Days** Except as otherwise provided in Sections 16 1, 16 2 and 16 3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under

Section 24 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require

16 5 **Cross Defaults** Any default by Franchisee under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) Any default by Franchisee under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) may be regarded as a default under this Agreement

16 6 **Franchisee's Right to Terminate for Cause** Nothing in this Agreement shall prevent Franchisee from terminating this Agreement for cause by reason of Franchisor's breach of this Agreement and pursuing all damages and other remedies available in law or equity Franchisee may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisor at least sixty (60) days prior to the effective date of termination, provided, however, that Franchisor may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisee, and by promptly providing proof thereof to Franchisee within the sixty (60) day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisor, effective immediately upon the expiration of the sixty (60) day period or such longer period as applicable law may require and Franchisor shall have no claim for future damages against Franchisee under Section 17 1 or otherwise but Franchisee will be liable only for accrued liabilities before the termination date, if any In the event Franchisee terminates this Agreement in accordance with this Section 16 6, Franchisee shall comply with all obligations upon termination set forth in this Agreement, including Section 17, excepting Section 17 1

17 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, for any reason whatsoever, including by mutual agreement between the parties, all rights granted hereunder to Franchisee shall terminate, and

17 1 **Liquidated Damages** Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost Royalty Fees, lost market penetration and goodwill in the Area of Primary Responsibility, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Area of Primary Responsibility, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the System Accordingly, in the event that Franchisor terminates this Agreement for Franchisee's default hereunder, Franchisee agrees to pay to Franchisor in a lump sum on the effective date of termination, liquidated damages, which represents a fair and reasonable estimate of Franchisor's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount determined as follows the minimum monthly Royalty Fee, as determined by Section 4 2, multiplied by the number of months remaining in the then-current term of this Agreement

17 2 Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder Should any valid, applicable law or regulation of a competent

governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's default under this Agreement

17 3 **Stop Operating** Franchisee shall immediately cease operating the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor in connection with the promotion or operation of any other business Franchisee shall further promptly take such steps as are necessary to allow Franchisor the ability to conduct the consultancy services previously conducted by Franchisee, including but not limited to, the immediate release of client data to Franchisor

17 4 **Stop Using the System** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System and all Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System In particular, Franchisee shall cease to use all marketing materials, stationery, forms, products, and any other articles which display the Proprietary Marks used in connection with the Franchised Business

17 5 **Cancel Assumed Names** Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Kolenda Strategic Leaders Academy" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement

17 6 **Phone Numbers; Directory Listings; Domain Names** Franchisee shall cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Business, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee Without limiting the foregoing, Franchisee hereby agrees to execute any agreement required by Franchisor in order to implement this Section 17 6 Franchisee shall not use any personal/residential telephone numbers in the operation of the Franchised Business If Franchisee does so, those numbers will be subject to the provisions of this Section 17 6

17 7 **No Use of Proprietary Marks in Other Businesses** Franchisee agrees, in the event it continues to operate, or subsequently begins to operate, any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks

17 8 **Pay Franchisor All Amounts Due** Franchisee shall promptly pay all sums owing to Franchisor and its affiliates In the event of termination for any default of Franchisee, such sums shall

include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination

17 9 **Return of Manuals and Confidential Information** Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor

17 10 **Comply with Covenants** Franchisee and its Principal shall comply with the covenants contained in Section 18 3 of this Agreement

18 COVENANTS

18 1 **During the Agreement Term** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity

18 1 1 Divert or attempt to divert any present or prospective business or client of any KSLA Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System, or

18 1 2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below) A "**Competitive Business**" shall be considered (i) any business offering consultancy services to businesses in the areas of leadership, culture and strategy, and/or (ii) any consultancy business that is the same as or similar to a KSLA Business Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16 2 7 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, the Principal subject to these covenants) engages in a Competitive Business that would violate this Section 18 1 2 if such person was subject to the covenants of this Section 18 1 2

18 2 **After the Agreement and After a Transfer** Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 15 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18 3, or (e) any or all of the foregoing, Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) in the Area of Primary Responsibility, (ii) within a radius of fifty (50) miles of the Area of Primary Responsibility, or (iii) within a radius of fifty (50) miles of any other KSLA Business' area of primary responsibility located anywhere, provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor,

18 3 **Exception for Ownership in Public Entities** Sections 18 1 and 18 2 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934

18 4 **Personal Covenants** At Franchisor's option, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Sections 10 and 11 of this Agreement (as modified to apply to an individual) from all personnel employed by Franchisee who have received or will receive training and/or other confidential information Every covenant required by this Section 18 4 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E

18 5 **Covenants as Independent Clauses** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18

18 6 **Franchisor's Right to Reduce Scope of the Covenants** Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 25 hereof

18 7 **Covenants Survive Claims** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18, provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18

18 8 **Injunctive Relief** Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor and the System, and that in the event of a breach of covenants contained in this Section 18, the damage to Franchisor would be difficult to ascertain and, in addition to other rights and remedies, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs

19 CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

19 1 **Principal** If Franchisee is a corporation, limited liability company, or partnership, the Principal of Franchisee shall be identified in Exhibit B hereto

19 2 **Guaranty, Indemnification, and Acknowledgment** The Principal shall execute a guaranty, indemnification, and acknowledgment of Franchisee's covenants and obligations under this Agreement in the form attached hereto as Exhibit C

19 3 **Corporations and Limited Liability Companies** If Franchisee or any successor to or assignee of Franchisee is a corporation or a limited liability company, Franchisee shall comply with the following requirements

19 3 1 Franchisee shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to operating the Franchised Business

19 3 2 Franchisee shall, upon request of Franchisor, promptly furnish to Franchisor copies of Franchisee's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement

19 3 3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee, and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement, provided, however, that the requirements of this Section 19 3 3 shall not apply to a publicly held corporation

19 4 **Partnerships and Limited Liability Partnerships** If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements

19 4 1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Business

19 4 2 Franchise shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto

19 4 3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner

20 TAXES, PERMITS, AND INDEBTEDNESS

20 1 **Taxes** Franchisee shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor

20 2 **Dispute About Taxes** In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law

20 3 **Compliance with Laws** Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21 1 **No Fiduciary Relationship** Franchisee is an independent contractor Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Business

21 2 **Public Notice** During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor Franchisee agrees to take such action as may be necessary to do so, the content of which Franchisor reserves the right to specify, including language identifying Franchisee as an independent business in all dealings with clients, employees, suppliers and others

21 3 **No Assumption of Liability** Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor

21 4 **Indemnification**

21 4 1 Franchisee must defend, indemnify, and hold harmless Franchisor and its affiliates, and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the **"Indemnified Parties"**), from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or threatened or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the Franchised Business's operation, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement, or Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity under this provision, provided, however, that its failure to provide such notice will not release Franchisee from its indemnification obligations under this Section except to the extent Franchisee is actually and materially prejudiced by such failure

21 4 2 Franchisee has the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of such counsel's fees and disbursements If (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the Indemnified Party's reasonable opinion, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (b) Franchisee does not assume responsibility for such Losses in a timely manner or fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Franchisee must pay the fees and disbursements of such Indemnified Party's counsel as incurred In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, will have the right

to participate in such claim and to retain its own counsel at such party's own expense Franchisee or the Indemnified Party (as the case may be) agrees to keep the other reasonably apprised of, and respond to any reasonable requests concerning, the status of the defense of any claim, and Franchisee and the Indemnified Party agree to cooperate in good faith with each other with respect to the defense of any such claim Franchisee may not, without the Indemnified Party's prior written consent, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee No claim which is being defended in good faith by Franchisee in accordance with this Section may be settled by the Indemnified Party without Franchisee's prior written consent Notwithstanding anything to the contrary in this Section, if a claim involves the Proprietary Marks, Franchisee agrees that Franchisor has the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by Franchisor, but reasonably satisfactory to Franchisee

21 4 3 Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or Franchisor's failure to compel Franchisee to comply with this Agreement

21 4 4 For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution

21 4 5 Franchisee's obligations in this Section will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee under this Section Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section

22 APPROVALS AND WAIVERS

22 1 **Approval Requests** Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing

22 2 **Non-waiver** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature, nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder

or of the right to declare any subsequent breach or default Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement

23 WARRANTIES OF OPERATOR

23 1 **Reliance by Franchisor** Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct and complete in all material respects Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted

23 2 **Compliance with Laws** Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

24 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery

25 ENTIRE AGREEMENT

Franchisor and Franchisee, and the Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement Recognizing the costs on both Franchisor and Franchisee which are uncertain, Franchisor and Franchisee each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein Accordingly, Franchisor and Franchisee agree and promise each other that this Agreement supercedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Franchisee or the relationship between them Franchisor and Franchisee agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing Nothing in this Section 25 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits

26 SEVERABILITY AND CONSTRUCTION

26 1 **Severable Parts** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement

26 2 **Terms Surviving this Agreement** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause), shall survive such expiration, termination or assignment

26 3 **No Rights on Third Parties** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement

26 4 **Full Scope of Terms** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

26 5 **Franchisor's Application of its Rights** Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or a right to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and in its judgment of what is in Franchisor's best interests and/or in the best interests of Franchisor's franchise network, at the time its decision is made, without regard to whether (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor, (ii) the decision or action of Franchisor will promote its financial or other individual interests, (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned operations, or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action Franchisor and Franchisee intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder

27 APPLICABLE LAW AND DISPUTE RESOLUTION

27 1 **Governing Law** This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the District of Columbia In the event of any conflict of law, the laws of the District of Columbia shall prevail, without regard to, and without giving effect to, the application of the District of Columbia conflict of law rules Nothing in this Section 27 1 is intended by the parties to subject this Agreement to any franchise or similar law, rule or regulation of the District of Columbia or of any other state to which it would not otherwise be subject

27 2 **Non-Binding Mediation** Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information) Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless we agree otherwise in writing Notwithstanding anything to the contrary, this Section 27 2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation Mediation hereunder shall be concluded within forty-five (45) days of Franchisee's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever Franchisor and Franchisee shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service This Section 27 2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s)

27 3 **Arbitration** Franchisor and Franchisee agree that, subject to Section 27 2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to

(1) this Agreement or any other agreement between Franchisee and Franchisor,

(2) Franchisor's relationship with Franchisee,

(3) the validity of this Agreement or any other agreement between Franchisee and Franchisor, or

(4) any System Standard,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA") The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules All proceedings will be conducted at a suitable location chosen by the arbitrator, which is within a five (5) mile radius of Franchisor's then current principal place of business The arbitrator shall have no authority to select a different hearing locale All matters relating to arbitration will be governed by the United

States Federal Arbitration Act (9 U S C §§ 1 et seq) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction

27 3 1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 27 7 below, award any punitive, exemplary or multiple damages against either party

27 3 2 Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates Any claim which is not submitted or filed as required is forever barred The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor

27 3 3 Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person

27 3 4 Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section 27 3

27 3 5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination

27 4 **<u>Consent to Jurisdiction</u>** Subject to the mediation and arbitration obligations in Sections 27 2 and 27 3, any judicial action must be brought in a court of competent jurisdiction in the District of Columbia or state, and in (or closest to) the county, where Franchisor's headquarters are then located Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Business is located

27 5 **<u>No Rights Exclusive of Other Rights</u>** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy

27 6 **<u>WAIVER OF JURY TRIAL</u>** FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER

AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION

27 7 **WAIVER OF PUNITIVE DAMAGES** FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER

27 8 **Limitation** The parties agree that, except as provided below, no mediation or arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by Franchisee against any person and/or entity affiliated with Franchisor), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such mediation or arbitration proceeding, action or suit before the expiration of the earlier of (a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party, or (b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered

27 8 1 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern

27 8 2 The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination

27 8 3 The foregoing limitations shall not apply to Franchisor's claims arising from or related to (1) Franchisee's under-reporting of Gross Revenues, (2) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any affiliated or otherwise related entity, (3) indemnification by Franchisee, (4) Franchisee's confidentiality, non-competition or other exclusive relationship obligations, and/or (5) Franchisee's unauthorized use of the Proprietary Marks

27 9 **WAIVER OF RICO** THE PARTIES HERETO AGREE TO WAIVE, NOW AND FOREVER, ANY AND ALL RIGHTS EITHER MAY HAVE UNDER THE FEDERAL STATUTE KNOWN AS RICO

27 10 **Release** By executing this Agreement, Franchisee, for itself and its affiliates, and for its and its affiliates' directors, officers, shareholders, partners, members, managers, employees and agents, and for the predecessors, successors, assigns, heirs, administrators and executors of it and any and all of them (collectively, the "Franchisee Parties"), hereby release, remise, acquit, and forever discharge Franchisor, its affiliates, its and its affiliates' directors, officers, shareholders, partners, members, managers, employees and agents, and the predecessors, successors, assigns, heirs, administrators and executors of it and any or all of them (collectively, the "Franchisor Parties"), from and against any and all obligations, debts, liabilities, demands, claims, actions, causes of action, loss, losses, damage and damages (actual, consequential, multiplied, exemplary, enhanced, punitive, or otherwise), of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, for any matter, of whatever source or origin, arising out of or related to any and all transactions of any kind or character, at any time prior to and including the Effective Date, including, but not limited to, any and all claims arising

under the franchise, securities or antitrust laws of the United States or of any state, province or territory thereof Franchisee covenants, warrants, and agrees that it has the authority to bind the Franchisee Parties (as herein defined) as provided herein Franchisee, on behalf of itself and the Franchisee Parties, further covenants not to sue any of the Franchisor Parties on any of the claims released by the foregoing and represents that it has not assigned any such claims to any individual or entity who is not bound by the foregoing

27 11 **Injunctive Relief** Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions

27 12 **Counterparts, Paragraph Headings, Pronouns** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof Each pronoun used herein shall be deemed to include the other number of genders

27 13 **Attorneys' Fees** In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter

28 ACKNOWLEDGMENTS

28 1 **FRANCHISEE'S INVESTIGATION OF THE BUSINESS POSSIBILITIES** FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING A KSLA BUSINESS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPAL) AS (AN) INDEPENDENT BUSINESSPERSON(S) FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE

28 2 **Receipt of FDD and Complete Agreement** Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Franchisee for the franchise rights granted under this Agreement Franchisee further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Franchisee of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format

28 3 **Franchisee Read the Agreement and Consulted** Franchisee acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement

28 4 **Franchisee's Responsibility for Operation of Business** Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Business, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business Franchisee acknowledges that it is solely responsible for all aspects of the Franchised Business's operations, including employee and human resources matters Franchisee further acknowledges that any controls implemented by Franchisor are for the protection of the System and the Proprietary Marks and not to exercise any control over the day-to-day operation of the Franchised Business

28 5 **Sole and Exclusive Employer**

28 5 1 Franchisee hereby irrevocably acknowledges, affirms, attests and covenants that Franchisee's employees are employed exclusively by Franchisee and in no fashion are any such employees employed, jointly employed or co-employed by Franchisor Franchisee further acknowledges, affirms and attests that each of Franchisee's employees is under Franchisee's exclusive dominion and control and never under Franchisor's direct or indirect control in any fashion whatsoever Franchisee alone hires each of Franchisee's employees, sets their schedules, establishes their compensation rates, and pays all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) Franchisee alone has the ability to discipline or terminate Franchisee's employees to the exclusion of Franchisor, and Franchisee acknowledges that Franchisor has no such authority or ability Franchisee further acknowledges, attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and other KSLA Business brand attributes known to and desired by the consuming public and associated with the Proprietary Marks Franchisee acknowledges, affirms, warrants and understands that Franchisee may staff the Franchised Business with as many employees as Franchisee desires at any time so long as Franchisor's minimal staffing levels are achieved Franchisee also acknowledges, affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation Moreover, Franchisee acknowledges, affirms and attests that any training provided by Franchisor to Franchisee's employees is for the purpose of imparting critical System and brand information to those employees, and in no fashion reflects any employment relationship between Franchisor and such employees Finally, should it ever be

asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending such allegations, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees) To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue

28 5 2 Immediately upon hiring of any employee, Franchisee shall obtain from such employee, including every management personnel, and any other personnel hired at the Franchised Business, the signed Non-Disclosure and Non-Competition Agreement form, which form is attached hereto as Exhibit E

28 6 **No Conflicting Obligations** Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from (a) negotiating and entering into this Agreement, (b) exercising its rights under this Agreement, and/or (c) fulfilling its responsibilities under this Agreement

28 7 **Different Franchise Offerings to Others** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement

28 8 **Good Faith** Franchisor and Franchisee acknowledge that each provision in this Agreement has been negotiated by the parties hereto in good faith and the Agreement shall be deemed to have been drafted by both parties It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision

28 9 **Success Depends on Franchisee** Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, its active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby

28 10 **Patriot Act** Franchisee represents and warrants that to its actual knowledge (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"), (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government, (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an

embargo, (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"), (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person, and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect

28 11 **No Guarantees** Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement

28 12 **Signature** Delivery of a copy of this Agreement bearing (i) an original signature by facsimile transmission, (ii) an original signature by electronic mail in "portable document format" form or (iii) an electronic signature facilitated by a digital transaction management services provider (such as DocuSign), shall have the same effect as physical delivery of the paper document bearing the original signature

[SIGNATURE PAGE FOLLOWS]

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement in duplicate on the day and year first above written

FRANCHISOR	**FRANCHISEE**
STRATEGIC LEADERS ACADEMY LLC	______________________________
By ______________________________	By ______________________________
Name ______________________________	Name ______________________________
Title ______________________________	Title ______________________________
Address for Notices	Address for Notices
Christopher D Kolenda	______________________________
Strategic Leaders Academy LLC	______________________________
645 Constitution Avenue NE	______________________________
Washington, DC 20002	Telephone ______________________________
Telephone (571) 303-8096	Fax ______________________________
Fax ______________________________	Attn ______________________________

With copy to

Wayne P Bunch, Jr , Esq
FisherBroyles, LLP
2925 Richmond Avenue
Suite 1200
Houston, Texas 77098
Telephone (713) 955-4080
Fax (940) 241-9482

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

1 The Franchised Office location (See Section 5 2) for the Franchised Business shall be

____
____
____

2 The Area of Primary Responsibility shall be (subject to the terms of the Agreement, including but not limited to Section 1 6 of the Agreement) as follows

____
____
____

3 The Primary Ideal Client and Secondary Ideal Client shall be as follows

____
____
____

4 The initial Franchise Fee shall be $__________ (See Section 4 1)

STRATEGIC LEADERS ACADEMY LLC

Initial __________ Date __________

FRANCHISEE

Initial __________ Date __________

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT B
FRANCHISE'S PRINCIPAL

The following identifies Franchisee's Principal (as defined in Section 8 3 of the Franchise Agreement)

Name of Principal	Address, Telephone, E-mail	Interest (%) with Description

STRATEGIC LEADERS ACADEMY LLC

Initial ___________ Date ____________

FRANCHISEE

Initial ___________ Date ____________

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Strategic Leaders Academy LLC ("**Franchisor**") to enter into the Franchise Agreement between Franchisor and ______________________________________ ("**Franchisee**"), dated ____________________, 20___ (the "**Agreement**"), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor's successors and assigns that all of Franchisee's covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed This Guaranty, Indemnification, and Acknowledgment (this "**Guaranty**") is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to (a) proceed against Franchisee for any payment required under the Agreement, (b) proceed against or exhaust any security from Franchisee, (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee, or (d) give notice of demand for payment by Franchisee Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 10, 11, 15, 17, and 18 Signature by the undersigned on this Guaranty constitutes the undersigned's signature on the Agreement related to all covenants The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Franchisee by Franchisor under the Agreement The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the "Kolenda Strategic Leaders Academy" marks or system licensed to Franchisee under the Agreement

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors, if any, will continue in full force and effect

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them Anyone signing this Guaranty shall be bound thereto at any time Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under the Agreement

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the District of Columbia In the event of any conflict of law, the laws of the District of Columbia shall prevail (without regard to, and without giving effect to, the application of the District of Columbia conflict of law rules)

IN WITNESS WHEREOF, the undersigned has executed this Guaranty, Indemnification and Acknowledgement as of the date of the Agreement

GUARANTOR(S)

____
Print Name ______________________

____
Print Name ______________________

____
Print Name ______________________

____
Print Name ______________________

____
Print Name ______________________

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

As part of the Franchise Agreement with Strategic Leaders Academy LLC (the "**Franchisor**"), the "**Franchisee**" understands that it is required to submit monthly detailed Revenue Reports for processing and payment of Royalty Fees and marketing contributions The Franchisee also understands that all Royalty Fees, marketing contributions, and all other fees and payments due under the Franchise Agreement will be debited from the bank account listed below on a monthly basis It is further understood that should the Franchisee fail to submit Revenue Reports, the Franchisor, in its sole discretion, will estimate the amount of monthly Royalty Fees and marketing contributions due based on previous months or periods and the estimated Royalty Fees and marketing contributions will be debited from the Franchisee's bank account Excess Royalty Fees and marketing contributions collected due to non-reporting will be credited to the next drafting period once Revenue Reports are received less the 5% penalty for late payment plus interest of 1 5% per month, or the maximum rate permitted by law, whichever is less Revenue Reports, Royalty Fees, and marketing contributions are due no later than the fifth business day after the close of each month and considered late if not received by 5 00 PM on such date

Royalty Fees and marketing contributions will be processed by Electronic Funds Transfer ("**EFT**") using the Automated Clearing House ("**ACH**") method The EFT/ACH debit will move funds directly from Franchisee's account into certain Franchisor accounts Debits that result in insufficient funds will result in the late fee penalty plus interest described above, and reimbursement of any fees incurred by Franchisor

The Franchisee hereby authorizes its bank to pay and charge to its account EFT/ACH debits and drafts drawn by and payable to the order of the Franchisor at the Royalty Fee and marketing contribution rates under the Franchise Agreement, provided there are sufficient collected funds in said account to pay same This authorization remains in full force and effective until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination Should the bank dishonor any draft or EFT/ACH debit with or without cause, the Franchisee releases the bank from any and all liability

Franchisee ____
Designated Principal ______________________________________
Address ____
City, State, and Zip _______________________________________

Please provide 2 Email addresses for Draft Notices

E-mail ______________________________ E-mail ______________________________

Please sign the acknowledgement below and return original via mail along with a VOIDED check sent to the attention of Christopher D Kolenda, Strategic Leaders Academy LLC, 645 Constitution Avenue NE, Washington, DC 20002 It may also be fax to (____) _______________

____________________	____________________	____________________
Financial Institution	Routing Number	Account Number

Signature of Authorized Signer __________________________ Date __________________

Please Attach Actual VOIDED CHECK

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT E
NON-DISCLOSURE AND NON-COMPETE
FOR FRANCHISEE'S EMPLOYEES

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of ________, 20___, by and between ___________ ("**us**" "**we**" "**our**" or the "**Franchisee**"), and ___________________________, an employee of Franchisee ("**you**" or the "**Employee**")

Introduction

Strategic Leaders Academy LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing businesses which provide business consultancy services, including consultancy in the areas of leadership, culture and strategy, through coaching, workshops, presentations and customized support, under the name "Kolenda Strategic Leaders Academy " (each is referred to as a "**KSLA Business**")

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a KSLA Business (the "**Franchised Business**") under the terms and conditions of the Franchise Agreement

In connection with starting or continuing your employment with Franchisee, you will be trained by us and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a KSLA Business and the System

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations

1 **Confidential Information** You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person

2 **Definitions** As used in this Agreement, the following terms are agreed to have the following meanings

a The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Business and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential") Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor, and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information

b The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor) c The term **"Post-Term Period"** means a continuous uninterrupted period of one (1) year from the date of (a) termination of your employment with us for any reason, and/or (b) a final order of a court of competent jurisdiction enforcing this Agreement

3 **<u>Covenants Not to Compete</u>**

a You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information

b You covenant and agree that during the term of your employment, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person

i Divert or attempt to divert any current or potential business account or customer of the Franchised Business (or of any KSLA Business) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise,

ii Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System, and/or

iii Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Business

c You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Business, if that business is located (or if it is intended to be located) within a radius of twenty-five (25) miles of any KSLA Business located anywhere at that time

4 **<u>Acknowledgement</u>** You acknowledge that you are an employee of us as the Franchisee and independent owner of a KSLA Business franchise, and you are not an employee of Franchisor You further acknowledge that (i) one of our key roles and responsibilities is to properly train our employees, (ii) neither the training program that you attend or any other training or direction you receive, nor any recommendations, guidelines or suggestions received from Franchisor or its representatives in any way modifies our training obligations or is intended to exert or exercise any direct, indirect or potential control over our employees, our training obligations or any aspect of our employment relationship with you or any other employees The training program that you attend or any other training or direction you receive is not intended in any way to change or modify your employment relationship with us Franchisor is not an employer or joint employer of any of our employees

5 **<u>Legal and Equitable Remedies</u>** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that

a We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement,

b You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action), and c You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement

6 **Severability** Each of the provisions of this Agreement may be considered severable from the others If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause

7 **Delay** No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement

8 **Third-Party Beneficiary** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us

9 **Jurisdiction, Applicable Law** You agree that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the courts of the county where Franchisor has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed This Agreement shall be governed by the laws of the District of Columbia In the event of any conflict of law, the laws of District of Columbia shall prevail, without regard to, and without giving effect to, the application of District of Columbia conflict of law rules

IN WITNESS WHEREOF, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above

EMPLOYEE

Signature ______________________________

Printed Name ___________________________

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT F
PROMISSORY NOTE
(this "**Note**")

$__________ **___________, 20__**

District of Columbia

FOR VALUE RECEIVED, the undersigned (collectively, "**Maker**") jointly, severally, and unconditionally promise to pay to the order of Strategic Leaders Academy LLC ("**Payee**"), at 645 Constitution Avenue NE, Washington, DC 20002, or at the Payee's option, at such other place as may be designated from time to time by Payee, the amount of ______________ Dollars ($_________), together with interest at the rate of ____________ (__%) per annum on the unpaid balance computed as provided below

The entire unpaid balance of this Note, together with all accrued and unpaid interest and fees and other charges, if any, payable hereunder, shall be payable in ____________ (__) monthly installments Each installment shall be in the amount of ______________________________ Dollars ($_______), with the first installment being due on ____________, 20___ and continuing regularly and at the same intervals thereafter until all sums of outstanding principal, together with all accrued interest and any fees and other charges, shall be fully paid

Maker has pledged, assigned or granted to Payee, as collateral for the payment of this liability, all of their assets, including, but not limited to, all real and personal property and accounts receivable Upon the occurrence of any default under this Note, Payee shall have the remedies of a secured party under the Uniform Commercial Code, as applicable to the security

Maker represents and warrants to Payee that the loan evidenced by this Note is being made for business, commercial or investment purposes Make may prepay this Note, in whole or in part, without penalty, at any time

Maker agrees to submit monthly financial information to Payee, such as an income statement, balance sheet, and supporting documents, as we specify from time to time and in the format Payee provides

Maker agrees to pay all attorneys' fees and other costs and expenses that Payee may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note

Each person liable on this Note in any capacity, whether as Maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "**Obligor**"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law Each Obligor agrees that Payee may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note, (b) any renewal of this Note, in whole or in part, (c) any full or partial release or discharge from liability under this Note of any other Obligor, (d) any waiver of any default under this Note, or (e) any agreement with the Maker changing the rate of interest or any other term or condition of this Note

Time is of the essence with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note

Any one or more of the following shall constitute an event of default under this Note (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note, (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor, (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement (including the related franchise agreement), document or instrument to which any Obligor and Payee are parties, (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors, (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute, or (f) a receiver is appointed for, or a write or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor

If an event of default shall occur or if Maker shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note, all accrued interest, and all costs and expenses of collection, including reasonable attorneys' fees and expenses, shall become immediately due and payable, at the option of Payee, without notice or demand to any Obligor The remedies provided in this Note upon default and in other agreement between Payee and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Payee may be parties, arising out of, in connection with or in any way pertaining to, this Note It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note This waiver is knowingly, willingly and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Payee, its successors and assigns

This Note shall be construed in all respects and enforced according to the laws of the District of Columbia

[SIGNATURE PAGE FOLLOWS]

WITNESS the following signature(s)

MAKER

By ____________________________
Name __________________________
Title ___________________________

PAYMENT GUARANTEED BY MAKER'S MEMBER, PARTNER OR SHAREHOLDER.

Maker's Member, Partner or Shareholder hereby Guarantees all of the payments to be made under this Note This Guarantee is an unconditional, irrevocable and absolute guaranty of payment and performance This Guarantee may not be cancelled, terminated, modified, or amended except by written agreement executed by Payee

MAKER'S MEMBER, PARTNER OR SHAREHOLDER

Signature ______________________________
Name _________________________________

STRATEGIC LEADERS ACADEMY LLC
FRANCHISE AGREEMENT
EXHIBIT G
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Strategic Leaders Academy LLC (the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "**Franchise Agreement**") for the establishment and operation of an "**KSLA Business**" The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("**Broker**") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing KSLA Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing KSLA Business from an existing Franchisee?

Yes _____ No _____

2 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

3 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

4 Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("**Disclosure Document**") that was provided to you?

Yes _____ No _____

5 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

6 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

7 Have you discussed the benefits and risks of establishing and operating a KSLA Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8 Do you understand that the success or failure of your KSLA Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

9 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular KSLA Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating a KSLA Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue a KSLA Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a KSLA Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a KSLA Business?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

15 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

16 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

____

If you have answered No to question 8, or Yes to any one of questions 9-16, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 8, and No to each of questions 9-16, please leave the following lines blank

____
____
____
____

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

The name of the sales person or salespersons that handled this franchise sale was

____

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

____

____

____

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism,

or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise

Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _______________, 20____

INDIVIDUAL	CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP
______________________________ Signature Print Name ______________________	______________________________ Print Name of Legal Entity
______________________________ Signature Print Name ______________________	By ____________________________ Signature Print Name ______________________ Title __________________________
______________________________ Signature Print Name ______________________	
______________________________ Signature Print Name ______________________	

EXHIBIT 4
NON-USE AND NON-DISCLOSURE AGREEMENT

This Non-Use and Non-Disclosure Agreement (this "**Agreement**") is entered into by and among ______________________________, whose address is ___________________________, ____________, ________ ______, (collectively, together with all affiliates, representatives and agents, referred to as "**Interested Party**") and Strategic Leaders Academy LLC, a District of Columbia limited liability company, whose address is 645 Constitution Avenue NE, Washington, DC 20002 (the "**Company**")

WHEREAS, the Interested Party is interested in entering into a business relationship with the Company, and the Company is interested in entering into a business relationship with the Interested Party, and

WHEREAS, in connection with evaluating the viability of such a business relationship, the Company is furnishing and will furnish the Interested Party with information related to Company and/or its business, including without limitation, financial information, operating information, processes, procedures, corporate and business information, documentation and agreements, including without limitation a franchise disclosure document, that contain confidential and proprietary information (all of the forgoing together with all attachments, addenda, exhibits and other agreements described or referred to in any of the forgoing is herein referred to as the "**Information**")

For good and valuable consideration, including without limitation the Company's furnishing the Interested Party with the Information, the Interested Party has agreed and does hereby agree that

1 Nondisclosure Obligations Interested Party will keep the Information confidential, and Interested Party will not, without the Company's prior written consent disclose the Information, whether in whole or in part, directly or indirectly, except as expressly permitted hereunder The Interested Party will not use the Information for any purpose other than evaluating the viability of entering into a business relationship with Company (the "**Purpose**") Interested Party will not use all or any of the Information, or allow all or any of the Information to be used, for any reason other than the Purpose The Interested Party (a) will not disclose the Information to any employee, agent, or representative of Interested Party unless such person needs access to the Information in order to facilitate the Purpose and executes a nondisclosure agreement with the Interested Party, with terms no less restrictive than those of this Agreement, and (b) will not disclose the Information to any other third party without the Company's prior written consent The Interested Party is responsible for any breach of this Agreement by any party that receives any of the Information, either directly or indirectly, from the Interested Party The Interested Party will promptly notify the Company of any misuse or misappropriation of the Information that comes to the Interested Party's attention

2 Additional Nondisclosure Obligations Without the Company's prior written consent, except where otherwise required by law (such requirements to be confirmed by a written legal opinion of the Interested Party's counsel), the Interested Party will not disclose to any person the fact that the Information has been made available, that discussions or negotiations are taking place or have taken place concerning a possible transaction involving the Interested Party and the Company, or any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof If Interested Party is required by law to disclose all or any of the Information and such requirements are confirmed by a written legal opinion of the Interested Party's counsel, Interested Party shall reasonably cooperate with Company in any effort to seek a protective order or otherwise contest such required disclosure, at Company's expense The Interested Party shall give Company prompt notice of any such legal or governmental demand for the Information

3 Injunction The Interested Party agrees that breach of this Agreement would cause the Company irreparable injury, for which monetary damages would not provide adequate compensation, and for which other remedies at law may be inadequate to protect the Company against a breach of this Agreement, and that in addition to any other remedy, the Company will be entitled to injunctive relief against such breach or threatened breach, without proving actual damage or posting a bond or other security, which requirements are hereby expressly waived by the Interested Party

4 Retention of Rights This Agreement does not transfer ownership of the Information or grant a license thereto Company will retain all right, title, and interest in and to all Information

5 No Waiver Neither party will be deemed to have waived any of its rights under this Agreement by lapse of time, or by any statement or representation other than a written waiver executed by the party seeking to waive its rights hereunder

6 Authority The undersigned parties each represent and warrant that such party has the power and authority to execute this agreement on behalf of the Interested Party or the Company, as is applicable The Interested Party represents and warrants that he or she has all necessary authorizations, consents and agreements to bind the Interested Party to the terms and conditions contained herein

7 Jurisdiction, Applicable Law You agree that any lawsuit brought the Company to enforce its rights under this Agreement shall be brought in the courts of the County where the Company has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed This Agreement shall be governed by the laws of the District of Columbia In the event of any conflict of law, the laws of the District of Columbia shall prevail, without regard to, and without giving effect to, the application of District of Columbia conflict of law rules

8 Severability To the extent permitted by applicable law, the parties hereby waive any provision of law that would render any clause of this Agreement invalid or otherwise unenforceable in any respect In the event that a provision of this Agreement is held to be invalid or otherwise unenforceable, such provision will be interpreted to fulfill its intended purpose to the maximum extent permitted by applicable law, and the remaining provisions of this Agreement will continue in full force and effect

9 Survival The provisions of this Agreement will survive any termination or expiration of the relationship of the parties hereto

10 Counterparts This Agreement may be executed and delivered (including by facsimile or Portable Document Format (pdf) transmission) in any number of counterparts with the same effect as if all signatories had signed the same document Facsimile and other electronic copies of manually signed originals shall have the same effect as manually-signed originals and shall be binding on the undersigned parties Each counterpart shall be deemed an original, but all counterparts must be construed together to constitute one and the same instrument

WITNESS the execution thereof, this _____ day of ____________________, 20___

COMPANY STRATEGIC LEADERS ACADEMY LLC	INTERESTED PARTY
By ________________________________	Signature ___________________________
Name and Title ______________________	Printed Name ________________________

EXHIBIT 5
LIST OF FRANCHISEES

As of December 31, 2018

None

EXHIBIT 6
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

As of December 31, 2018

None

EXHIBIT 8

TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUALS

Kolenda Strategic Leaders Academy™

Franchise Training, Operations, and Reference Manual

Table of Contents

RECEIPT

(YOUR 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

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit 1

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows Dr Christopher D Kolenda, Strategic Leaders Academy LLC, 645 Constitution Avenue NE, Washington, DC 20002, (571) 303-8096, and ____________________________________

____

The issuance date of this Disclosure Document is April 15, 2019

See Exhibit 1 for our registered agents authorized to receive service of process

I have received a Disclosure Document dated April 15, 2019 that included the following Exhibits

Exhibit 1 – State Administrators/Agents for Service of Process
Exhibit 2 – State Specific Addendum
Exhibit 3 – Franchise Agreement
Exhibit 4 - Non-Use and Non-Disclosure Agreement
Exhibit 5 – List of Franchisees
Exhibit 6 – List of Franchisees Who Have Left the System
Exhibit 7 – Financial Statements
Exhibit 8 – Table of Contents of Confidential Operations Manuals

____________________ ____________________________

Date Prospective Franchisee

____

Printed Name

PLEASE KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

(OUR COPY)

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Exhibit 8 – Table of Contents of Confidential Operations Manuals

____________________	________________________
Date	Prospective Franchisee
	________________________
	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO DR CHRISTOPHER D KOLENDA, STRATEGIC LEADERS ACADEMY LLC, 645 CONSTITUTION AVENUE NE, WASHINGTON, DC 20002