FRANCHISE DISCLOSURE DOCUMENT

MyFit18

MyFit18, LLC
a Texas limited liability company
11200 Broadway Street, Suite 2731
Pearland, Texas 77584
855-446-4652
www.myfit18.com
info@myfit18.com

As a franchisee, you will operate a boutique fitness center which offers technology enabled twenty-four (24) hour, seven (7) day a week access at affordable prices, and which are designed to operate with minimal staffing, operated under the name "MyFit18."

The total investment necessary to begin operation of a MyFit18 franchise is from $92,200 to $270,000. This includes $17,500 to $21,750 that must be paid to us as the franchisor or our affiliate. We may offer to enter into an area development agreement to establish and operate a minimum of two MyFit18 centers at specific locations under individual franchise agreements. The amount of the area development fee, due in a lump sum payment upon the signing of an area development agreement, will be calculated by multiplying $15,000 times the number of MyFit18 centers to be developed under the agreement. For each MyFit18 center you open under the area development agreement, you will not be charged an initial franchise fee. Your estimated initial investment will vary based on the number of MyFit18 franchises to be developed. ~~(If you sign a Development Agreement to develop multiple two or more MyFit18 centers, these amounts include the Development Fee you pay to us, which replaces the Initial Franchise Fee you would have paid for those centers.)~~

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

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

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Marty Flanagan, MyFit18, LLC, 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, (855) 446-4652, marty@myfit18.com.

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

Issuance Date: October 4, 2019. (See page entitled "Franchise Disclosure Document Effective Dates in Designated States" for state-specific effective dates)

STATE COVER PAGE

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

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

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

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

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

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

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

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

5. <u>THE FRANCHISOR'S MOST RECENT AUDITED FINANCIAL STATEMENTS REFLECT THAT CURRENT LIABILITIES EXCEED CURRENT ASSETS. THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU.</u>

6. <u>THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.</u>

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

Effective Date: See page entitled "Franchise Disclosure Document Effective Dates in Designated States" for State Specific Effective Dates.

FRANCHISE DISCLOSURE DOCUMENT
EFFECTIVE DATES IN DESIGNATED STATES

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

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states having franchise registration and disclosure laws as of the date listed:

STATE	EFFECTIVE DATE
California	____________
Hawaii	____________
Illinois	____________
Indiana	October 9, 2019
Maryland	____________
Michigan	October 9, 2019
Minnesota	____________
New York	____________
North Dakota	October 21, 2019
Rhode Island	October 9, 2019
South Dakota	November 1, 2019
Virginia	____________
Washington	____________
Wisconsin	October 9, 2019

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

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

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

STATE OF MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL
G. MENNEN WILLIAMS BUILDING, 7TH FLOOR
525 W. OTTAWA STREET
LANSING, MICHIGAN 48909
TELEPHONE NUMBER: (517) 373-7117

TABLE OF CONTENTS

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

To simplify the language in this Disclosure Document, "MyFit18," "we" or the "Franchisor," means MyFit18, LLC, a Texas limited liability company. "You" or the "Franchisee," means the person, corporation, partnership, or other business entity that buys the franchise. If you are a corporation, partnership, or other entity, these terms also include your members, partners, shareholders, and owners who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

The Franchisor

We are a Texas limited liability company formed on October 22, 2018. We and our parent and affiliates have our principal place of business at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584. We conduct business under the name and mark "MyFit18" and related names, marks and slogans.

We are a franchising company which promotes and sells franchises for the operation of MyFit18 centers. We and our affiliates do not own or operate a center of the type being franchised. We have not offered franchises in any other line of business, and we are not engaged in any business other than selling franchises for MyFit18 centers. We have offered MyFit18 franchises since the date of this Disclosure Document.

Our agent for service of process is David Graham. His principal business address is 11200 Broadway Street, Suite 2731, Pearland, Texas 77584. If we have an agent for service of process in your state, we disclose that agent in Exhibit A.

Our Parents, Affiliates and Predecessors

We are owned by our parent, FranchiCzar, LLC, a Texas limited liability company formed October 5, 2016 ("**FranchiCzar**"). FranchiCzar is ultimately owned by its parent, Graham Ventures, Inc., a Texas corporation formed April 29, 2016. FranchiCzar will be the designated supplier of certain products and services to our franchisees, including customer payment processing, among others that we may designate.

Our affiliate, MyFit18 Pearland, LLC, a Texas limited liability company, was formed on October 22, 2018, and intends to operate a MyFit18 center, although it does not operate a center of the type being franchised as of the date of this Disclosure Document.

Our affiliate, Thrifty Gear, LLC, a Texas limited liability company formed on September 28, 2016, will be the designated supplier of certain security equipment and related items for our franchisees, as well as a supplier for certain printed promotional items, nutritional items, and clothing, as we may determine.

Neither our parent, nor any of these affiliates, are offering, and have never offered, franchises in any line of business. However, on August 17, 2016, our parent formed a subsidiary, Code Ninjas, LLC ("**Code Ninjas**"), which is an affiliate of ours. Code Ninjas offers for sale franchises which operate as learning centers providing child focused educational programs, including subjects such as computer programming, coding, math, logic and teamwork, under the name "Code Ninjas." Code Ninjas has offered franchises since November 2016, and had 73 franchisees open and operating as of December 31, 2018. Code Ninjas has never operated fitness centers, or offered fitness center franchises or franchises in any other line of business.

We have no other affiliates required to be disclosed in this Disclosure Document. We have no predecessors.

The Franchise Offered

We are offering franchises for fitness centers that operate under the name "MyFit18" (each a "**Center**"). Each Center is established and operated using the format and system we developed (the "**System**"), and operate at retail locations displaying our interior trade dress. Centers feature and operate under the Proprietary Marks (as described below). Centers provide twenty-four (24) hour a day, seven (7) day a week access at accessible prices, and which are designed to operate with minimal staffing. Your Center must be large enough to include the equipment and amenities we prescribe. Typically, any Center will be at least 1,500 square feet. All products and services offered for sale at a MyFit18 Center are subject to our approval. We may periodically change and improve the System.

We will grant you the right to operate one MyFit18 center at a location we specify in your Franchise Agreement (defined below). We offer two types of Centers: (i) "**MyFit18 Basic Centers**;" and (ii) "**MyFit18 Executive Centers**." Generally, a MyFit18 Basic Center will have basic levels of equipment that we designate, some of which may be used and/or refurbished equipment that meets our standards, while a MyFit18 Executive Center will feature new equipment packages, upgraded design features and include additional services, such as towel distribution and vending machines, all as we designate from time to time. Your Center will be a MyFit18 Basic Center unless we designate it as a MyFit18 Executive Center.

You must operate your MyFit18 Center in accordance with our standards and procedures, as set out in our Confidential Operations Manuals (the "**Manuals**"). We will make an electronic version of the Manuals available to you for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the mark "MyFit18" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**"). We may modify the Proprietary Marks or substitute new Proprietary Marks.

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit C to this Disclosure Document) with qualified legal entities and persons that wish to establish and operate MyFit18 Centers. Under a Franchise Agreement, we will grant you the right and you will accept the obligation to operate a MyFit18 Center at an agreed-upon specified location. (In this Disclosure Document, the term "**Franchised Center**" means the MyFit18 Center franchised to you under a Franchise Agreement.)

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a ten percent (10%) ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Center (the "**Designated Principal**").

Area Development Agreement

We may also offer to enter into an area development agreement (the "**Area Development Agreement**") (included as Exhibit D to this Disclosure Document), which grants the right to establish and operate a specified number of MyFit18 Centers in a specified area (the "**Development Area**") at specific locations that must be approved by us, each under a separate Franchise Agreement. We will enter into Area Development Agreements under which at least two MyFit18 Centers must be developed.

Area Developers must open each MyFit18 Center in accordance with an agreed upon opening schedule (the "**Development Schedule**"). The Development Schedule will be set forth in Exhibit A of the Area Development Agreement. The Area Developer exercises its right to open MyFit18 Centers by entering into a separate Franchise Agreement for each Franchised Center opened. The Franchise Agreement for each subsequent Franchised Center to be developed under the Area Development Agreement will be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the first Franchise Agreement signed simultaneously with the Area Development Agreement.

Non-Use and Non-Disclosure Agreement

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

The Market and Competition

The market for fitness centers is well developed and competitive in most areas. You will serve the general public and will compete with a variety of businesses, from national fitness chains, personal training studios, and local fitness centers. These businesses compete on the basis of factors such as type of workout offered, price, service, and location. These businesses are often affected by other factors as well, such as changes in consumer habits, economic conditions, population and travel patterns.

We may establish other MyFit18 Centers in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products and/or services in your area. Also, we may sell related products through wholesalers, distributors, the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, whether or not located in your area. To the extent your Franchised Center may be located near another Franchised Center, you may appear to or actually compete with other MyFit18 Centers.

Industry Specific Regulations

You must comply with all local, state and federal laws that apply to your Franchised Center operations, including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses and operational licenses. There may be other laws applicable to your business and we urge you to make further inquiries about these laws.

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

ITEM 2.
BUSINESS EXPERIENCE

David Graham: Manager and Founder

Mr. Graham is our founder and has been our Manager since our inception. He is also the Manager of our affiliate Code Ninjas, LLC, and has been since its inception in August 2016. From April 2010 to July 2016 he was the President and Chief Executive Officer for Coder For Rent, LLC, DBA Coder Camps, in the greater Houston, Texas area. He serves in his current capacities in the greater Houston, Texas area.

Theparid "Bert" Sintuphant: Director of Operations

Mr. Sintuphant has been our Director of Operations since our inception. He is also the Director of Operations of our affiliate Code Ninjas, LLC, and has been since its inception in August 2016. From January 2013 to August 2016 he was the Chief Operations Officer for Coder For Rent, LLC, DBA Coder Camps, in the greater Houston, Texas area. From March 2011 to February 2013 he was a Senior Business Analyst for Stuart Title in Houston, Texas. He serves in his current capacities in the greater Houston, Texas area.

Marty Flanagan: Director of Franchising

Mr. Flanagan has been our Director of Franchising since our inception. He is also the Director of Franchising of our affiliate Code Ninjas, LLC, and has been since its inception in August 2016. From August 2004 to October 2016 he was the Director of Corporate Facilities for Anytime Fitness near St. Paul, Minnesota. He serves in his current capacities in the Minneapolis, Minnesota and greater Houston, Texas area.

Jeffrey Thames: Director of Franchise Development

Mr. Thames has been our Director of Franchise Development since April 2017. He is also the Director of Franchise Development of our affiliate Code Ninjas, LLC, and has been since its inception in August 2016. From January 2013 to April 2017, he was the Director of Development for Red's Savoy Franchise, LLC, an entity developing franchises offering pizza and related items and headquartered in Edina, Minnesota. He also served as President of Thames Holdings, LLC, in Mendota Heights, Minnesota, a firm specializing in assisting franchises and small companies with their growth initiatives from July 2012 to April 2017. He serves in his current capacities in the Minneapolis, Minnesota and greater Houston, Texas area.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5.
INITIAL FEES

Initial Franchise Fee

Our initial franchise fee ("**Initial Franchise Fee**") for a Center is $15,000, due and payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us when you sign the Franchise Agreement. It is nonrefundable and is not credited against any other obligation you have to us. The Franchise Fee is uniform for all franchisees.

Area Development Fee

If you are going to be an Area Developer, then you pay us an area development fee (the "**Area Development Fee**"). The amount of the Area Development Fee will be calculated by multiplying $15,000 times the number of MyFit18 Centers to be developed under the Area Development Agreement. The Area Development Fee will be due in a lump sum payment upon the signing of an Area Development Agreement. The Area Development Fee is fully earned by us when you sign the Area Development Agreement. It is nonrefundable and is not credited against any other obligation you have to us. For each MyFit18 Center you open under the Area Development Agreement, you will not be charged an Initial Franchise Fee. The Area Development Fee is uniform for all area developers.

Technology Fee

You will pay us a Technology Fee each month during the term of your Franchise Agreement for your email and website hosting. This fee is currently $125 per month. You will begin paying this fee on the first day of the month after you sign your Franchise Agreement, and each first of the month thereafter. The amount of this fee that you pay to us before opening will range from $500 to $750 depending on when you open your Center, assuming you open within our estimated timeframes.

Security Equipment and Supplies

Our affiliate, Thrifty Gear, will be the designated supplier of certain required security equipment to our franchisees that must be purchased prior to the commencement of operations of your Franchised Center. Such items are estimated to cost in the range of $2,000 to $5,000, and do not include the cost of taxes, shipping or installation. Thrifty Gear may also provide other optional items for purchase in your Center, including certain printed promotional items, nutritional items, meal plans, and clothing, as we may determine, which we estimate to range from $0 to $1,000 before you begin operating. We may add or delete from such items which must be purchased from our affiliate prior to opening, and on an ongoing basis, at any time. The fees for the purchase of these products and services are non-refundable.

ITEM 6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Monthly Fee	The greater of (i) $250; and (ii) $1.50 per member of the Center, subject to a maximum of $750 per month.	In advance, on or before the first day of each month. Your billing vendor will subtract this fee from the receipts generated by your accounts.	You will begin paying this fee on the earlier of the first day of the month after the date that is: (i) 9 months after you sign the Franchise Agreement; or (ii) 3 months after you obtain the certificate of occupancy for your Center, regardless of whether you have opened your center or not. In addition, if you meet our requirements, you may choose to pre-pay the Monthly Fee, in which case, you will pay us an up-front lump sum of $6,000 for the following 12 months, in lieu of any Monthly Fee you would otherwise owe us for that time period. Note 1.
Technology Fee	$125 per month.	You begin paying this fee on the first of the month following the signing of your Franchise Agreement, and on the first of each month thereafter. Your billing vendor will subtract this fee from the receipts generated by your accounts.	You will pay this fee to us or our affiliate for ongoing support to our proprietary technology, including your Center operating software (which includes access control), and email and website management. This fee may be increased in the future to cover the then-current cost for the license of any business operations software or other software necessary for use in your Center, or other software technology maintenance and upgrades. Note 1 and 2.

Type of Fee	Amount	Due Date	Remarks
Exercise Delivery Platform Fee	If established, the greater of (i) $250 per month; or (ii) $1 per member per month.	Not currently charged. Your billing vendor will subtract this fee from the receipts generated by your accounts.	If we develop a technology-enabled exercise delivery platform, we may require you to utilize it in your Center and offer it to members in your Center. Note 1.
Customer Service Center Fee	Our then-current charge to use our customer service center.	Not currently charged. Your billing vendor will subtract this fee from the receipts generated by your accounts.	We do not currently operate a central customer service center. Thus, you will not initially pay this fee. We reserve the right to require you to pay this fee to us, our affiliate, or a designated vendor. Notes 1 and 2.
Meal Plan Delivery Fees	Our then-current charges for offering the meal plan delivery program.	Not currently charged. Your billing vendor will subtract this fee from the receipts generated by your accounts.	We do not currently offer or require a meal plan delivery program to your members, but we reserve the right to do so. Note 4.
Minimum Local Advertising Expenditure	You must spend a minimum of $2,500 in connection with your grand opening advertising program, and $1,000 per month on an ongoing basis on your local advertising and promotion.	As incurred, in connection with advertising programs that you choose. Your billing vendor will subtract this fee from the receipts generated by your accounts.	This will be paid to third party service providers for your local marketing. You are required to use one of our approved digital marketing vendors to conduct certain local advertising in your Center, which will count towards this requirement. We currently require you to make this payment directly to us, and we will pay it to approved digital marketing vendor of your choosing on your behalf. Note 1.

Type of Fee	Amount	Due Date	Remarks
Additional Training and Assistance	Outside of our Initial Training Program, which is provided without charge for up to three (3) people, our then-current per-diem fee per trainee, which is currently $500 per day, plus our out-of-pocket costs.	Upon demand. Your billing vendor will subtract this fee from the receipts generated by your accounts.	If, at any time during your operation of your Center, you request that we provide additional training, or if we determine that you require additional assistance or training, you must pay our then-current per diem training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers and other reasonable expenses.
Convention Fee	Varies, depending on length and location.	When you register for the Annual Convention.	Note 5. Your billing vendor will subtract this fee from the receipts generated by your accounts.
Renewal Fee	$2,000.	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. There is no renewal under the Area Development Agreement.
Transfer Fee	$5,000 under the Franchise Agreement. An Area Developer will pay a transfer fee equal to $10,000 for each MyFit18 Center not developed, but not less than 50% of the Area Development Fee otherwise due.	Before you transfer your franchise.	Payable only if you seek to sell or transfer your business or a majority interest in it. No transfer fee will be charged if you transfer your franchise to an entity which you control. There are other conditions to transfer.
Audit	Cost of audit.	Upon demand.	Payable only if we audit your records and the audit shows an understatement of at least 5% of Gross Sales for any week, or 2% for any month.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Varies.	As incurred.	You must reimburse us if we are sued or held liable for claims arising from your business.
Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expenses if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts.	Upon demand.	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' and other legal fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions. Also payable if we are successful in defending any claim you bring against us.
Interest and Late Payment	Lesser of 1.5% per month or highest rate of interest allowed by applicable law plus a $50 late payment fee.	As incurred.	Payable on all overdue amounts.
Prohibited Product, Service, Supplier or Advertising Fee	$100 per day of use of unauthorized products, services, suppliers or advertising.	If incurred.	In addition to any rights and remedies we may have, if you use any unapproved or unauthorized product, service, or supplier, or any advertising that we have not approved you must pay this fee to us to offset the costs associated with your unauthorized use. Subject to applicable state law.

Type of Fee	Amount	Due Date	Remarks
Standard Default Fee	Up to $250 per violation.	If incurred.	In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the applicable cure period, you must pay us up to $250 per month until the default is cured to offset our expenses incurred to address the default.
Securities Offering	Our actual expenses.	Upon demand.	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Tax Assessment	Our actual expenses.	Upon demand.	Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.
Liquidated Damages	Will vary under the circumstances.	Upon demand.	You must pay this fee if we terminate your Franchise Agreement for cause. Subject to applicable law. (Note 6)

All fees are paid to us and are nonrefundable (except as provided below). All fees are uniform for all new franchisees.

Note 1. We will provide for collection of all your customer payments through our online payment processing website portal run by our parent, FranchiCzar, at www.franchiczar.com that we have currently designated, but reserve the right to change or otherwise through another electronic funds transfer. You must establish an arrangement for electronic funds transfers (**"EFT"**) as well as authorize us to charge your credit card with all amounts due to us and our affiliates, including, the signing of our current form of pre-authorized debit agreement and credit card authorization, copies of which is attached are the Franchise Agreement as Exhibit D. You must comply with all payment and reporting procedures specified by us. Each month we will calculate the amount of customer payments received in connection with your Center for the preceding month, and shall remit such amount to you via EFT, less amounts representing the Monthly Fee, Technology Fees, Exercise Delivery Platform Fees, Customer Service Center Fees, Meal Plan

Delivery Fees, local marketing expenditures, EFT fees and merchant services and other processing fees, and all other fees that we require, in addition to any and all other amounts owed to us or any affiliate under the Franchise Agreement and all agreements between us or our affiliates and you or your affiliates. Each payment by us to you will be accompanied with a statement setting forth the amount of customer payments received in connection with your Franchised Center and payments remitted to us. You must pay the then-current processing cost charged by FranchiCzar for the provision of this service, which is currently 3% of all amounts processed. A copy of the agreement that you must sign with FranchiCzar for these services is attached as Exhibit H to this Disclosure Document.

With respect to credit card merchant services processing fees, FranchiCzar will pay these fees on behalf of all franchisees and then collect from you the amount of such fees prorated to you in order to reimburse this cost. Although certain credit card providers charge different processing fees, FranchiCzar may not calculate the amount you owe by each specific credit card provider. Instead, it may simply spread the total amount of all credit card merchant services processing fees attributable to franchisees on a prorated basis.

You agree that we may retain any amount of customer payments as remittance of any amounts owed to us or our affiliates. Payments by you of any and all amounts under the Franchise Agreement are considered fully earned upon receipt and non-refundable. You agree that we may directly charge and collect from any customer (including any of your customers) certain fees in connection with our online registration process and payment system that are in addition to payment for products and services provided by your Center. Such fees charged and collected by us will be fully earned by us.

Corporate and affiliate-owned Centers are not required to pay Monthly Fees, Exercise Delivery Platform Fees, Customer Service Center Fees, and Meal Plan Delivery Fees. Corporate and affiliate-owned Centers do not have a specific local advertising requirement, however they will make expenditures in local advertising programs as appropriate. Corporate and affiliate owned Centers will pay the then-applicable technology fees for the license of any required software.

If you are an Area Developer, you will be required to execute a Franchise Agreement for your first Franchised Center at the time you execute the Area Development Agreement. The Franchise Agreement for each subsequent Franchised Center to be developed under the Area Development Agreement will be our then-current form of the Franchise Agreement, which may have a higher Monthly Fee.

Note 2. You pay this fee to us, provided that we may direct you to pay all or a portion directly to any provider that licenses technology to you. We reserve the right to implement additional proprietary software systems for all franchisees, which may require up-front and maintenance fees and increase this fee accordingly.

Note 3. We or our affiliate (or a designated vendor) may operate a centralized customer service switchboard and website, available for customers and prospective customers to inquire about Center facilities, obtain a membership, or specific questions about their membership or Center operations (the "**Customer Service Center**"). If we establish a Customer Service Center, you must participate in the Customer Service Center, but it will not replace your own obligation to handle customer communications from your Center. If we establish a Customer Service Center, you must pay us our then current fee. The fee will be payable each monthly. We reserve the right to require you to pay this fee directly to a vendor that we designate to provide this service.

Note 4. We may adopt a meal delivery program for you to offer pre-packaged meals or nutritional offerings to your members. Should we do so, you will be required to meet our standards and specifications for such program, including payment to us of our fee for participation. As of the date of this Disclosure Document, we anticipate this fee to be fifty percent (50%) of the net profit you receive in offering such program.

Note 5. If we begin holding annual or biannual conventions for our franchisees, you must attend those conventions. You must pay this fee to cover the cost of that registration, regardless of whether you attend the convention. If you want to send additional people to the convention, for each one you will pay an additional registration fee. We currently anticipate the registration fee will be less than $600 per person, but this amount will likely increase as food and beverage costs and facility rental fees increase.

Note 6. If we terminate your Franchise Agreement due to your breach, in addition to other amounts owed, you must pay us within 15 days after the effective date of termination, liquidated damages equal to the average Monthly Fee and Exercise Delivery Platform Fee you paid or owed to us during the 12 months of operation preceding the effective date of termination, multiplied by (a) 12 (being the number of months in 1 full year), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower; provided that if your Center was not open for such entire 12 month period, utilizing the average Monthly Fees and Exercise Delivery Platform Fee paid to us by Centers within the System for any period in which your Center was not open and operating.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$15,000 to $15,000	Lump sum	When you sign the Franchise Agreement	Us
Rent, Security Deposits and Utility Deposits (Note 2)	$3,500 - $7,000	As arranged	As arranged	Lessor, Utility companies
Leasehold Improvements (Note 3)	$10,000 to $75,000	As arranged	As arranged	Independent Contractors, Lessor
Fitness, Security and Other Equipment (Note 4)	$30,000 to $100,000	As arranged	Before Issuing Order For Equipment	Us, our Affiliate, or Approved Suppliers
Furniture and Supplies (Note 5)	$2,000 to $6,000	As arranged	As incurred	Approved Suppliers
Signage	$5,000 to $10,000	Lump Sum	Before Opening	Approved Suppliers
Computer and Technology (Note 6)	$2,500 to $6,000	As arranged	As incurred	Us, our Affiliate or Approved Suppliers
Architect/ Engineering Fees	$2,500 to $10,000	As arranged	As arranged	Approved Suppliers
Other Professional Fees	$500 to $3,000	As arranged	As arranged	Various service providers
Insurance (Note 7)	$500 to $4,000	As arranged	As arranged	Insurance providers
Business Licenses & Incorporation	$200 to $1,000	As arranged	As incurred	Local and other state government agencies
Grand Opening Advertising and Local Advertising (Note 8)	$5,500 - $8,000	As arranged	As arranged	Approved Suppliers

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds (for the initial 3 months of operations) (Note 9)	$15,000 to $25,000	As arranged	As needed	Approved Suppliers, employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT (Note 10)	$92,200 to $270,000			

None of these payments are refundable. These figures are estimates based on our experience in the fitness industry and reflect the anticipated initial costs based on a lease for a "vanilla shell" or "as is" space for the operation of a 3,000square foot MyFit18 Center.

Note 1. 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.

Note 2. We have not projected any cost for the purchase of any land or building because we do not recommend you purchase a building for your Center. Instead, we recommend that you lease a site for your Center. The low estimate in the chart assumes that you negotiate a free rent period for the first three (3) months after the Center's opening but includes your security deposit and utility deposits. The high estimate in the chart above includes your first month's rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed the security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord. You will need to lease a space in advance to build-out the Center. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the site for the Center, the terms of the lease, the desirability of the location, and your ability to negotiate with your lessor.

Note 3. This estimate assumes you will lease a "vanilla shell" or "as is" space of 3,000 square feet, which at a minimum, includes rooms that will work as an office, bathroom, concrete floors, demised exterior walls, HVAC, roof and utilities stubbed to the premises sufficient for a MyFit18 Center. You will need to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises who is acceptable to us. Costs will vary in relation to the size and location of your Center. The low range of our estimates assume that you obtain a tenant improvement allowance or that your landlord agrees to conduct a large portion of your buildout. One of these arrangements may or may not be available through your landlord. Moderate and higher cost centers may require extensive interior renovations and additional equipment. The above figures do not include extensive renovations.

Note 4. Equipment includes fitness equipment and security equipment. The total cost of equipment will vary depending on various factors, including the size of your fitness center and the type of equipment you obtain. Our low estimate for equipment assumes you lease all of the fitness equipment and it is refurbished. The low end estimate therefore covers only the security deposit and other up-front costs for Basic Centers, plus security equipment. The high end estimate assumes your Center is an Executive Center, and that you purchase new equipment. The total cost of equipment will vary depending on various factors, including the size of your fitness center and the type of equipment you obtain. In some areas, you may be required to have additional first aid supplies in addition to the cost of an automated external defibrillator, and our high estimate covers the cost of these supplies. All of these items must meet our specifications. Your security equipment must be purchased from our affiliate, Thrifty Gear, and we may add or delete from such items which must be purchased from our affiliate prior to opening and on an ongoing basis at any time. You must also have this equipment installed at your Center. We may require you to purchase other equipment from our approved vendors.

Note 5. As described in Item 8, you must purchase all fixtures, furnishings, equipment, signage and supplies that we specify as required for a MyFit18 Centers. This estimate includes furniture, fixtures and supplies required for a Center, including (without limitation) storage systems, furniture, and various trade dress and décor items and other furnishings. This estimate also includes the cost of your office furniture, filing cabinet and miscellaneous office supplies, and equipment. All of these items must meet our specifications. We may require you to purchase these from our approved vendors.

Note 6. These estimates are for the minimum technology you must obtain to open your Center. You must purchase or lease specified computers and related hardware for your business operations, along with required third party software necessary to operate the Center. You must also purchase a stereo or sound system, and televisions for your Center. The estimate includes the costs for the items that we currently require. We may periodically require franchisees to update their computer systems to our then-current standards. This also includes Technology Fees and you will pay to us prior to your opening.

Note 7. You must carry the types and amounts of insurance we specify. We currently require you to carry commercial general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or incurred in the operation of, or conduct of business by, you; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the premises of your Center and its equipment; business motor vehicle liability insurance if you have a vehicle; data breach insurance; child accident insurance; workers' compensation insurance; and employee dishonesty and employment practices. This estimate is for an initial deposit of 3 to 6 months for these insurance coverages.

Note 8. We require that you spend at least $2,500 on grand opening advertising expenses, and $1,000 per month on local advertising expenditures on an ongoing basis. We recommend that Executive Centers spend at least $5,000 on grand opening advertising expenses.

Note 9. You will need additional capital to support on-going expenses, such as payroll (excluding any salary you may take), rent, utility costs, marketing expenses, security system costs, lease costs, maintenance and repair costs to the extent that these costs are not covered by sales revenue. 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. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the products and services; 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.

Note 10. These figures are estimates only. We have relied on the experiences in the fitness industry in Texas and Minnesota to compile these estimates. This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the issuance date of this Disclosure Document. It is possible to significantly exceed costs in any of the areas above. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. Many factors that are unique to your market can make a dramatic difference in the estimates provided. Some states have laws that require staffing or operational requirements that will significantly increase the amounts you will have to spend to open and operating your Center. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Suppliers

Certain equipment, including fitness equipment, safety equipment and related accessories, furniture, fixtures, design and décor, branded items and signage, computer hardware and software, technology and security systems, payment processing services, and products you purchase for use or sale at your Center, must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the Manuals that we provide to you either hard copy or on-line, or we may issue them separately. We are free to modify any of our methods, standards, specifications and requirements at our discretion. These modifications will be communicated to you via the Manuals, or otherwise in writing. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. We require your local advertising to meet our specifications, and you must use one of our approved vendors for certain digital local marketing. You must obtain our approval before you use any advertising materials you prepare, and before you establish any web page, social media, and/or social networking site, profile, account, or hashtag that refers to us, your Center, or the System.

You can expect that the items you purchase to meet our specifications will represent over 50% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 30% and 50% of your total annual expenses.

We may require you to purchase certain products, supplies, equipment, services used or offered by your Center, and other items from vendors we approve, in which case we will provide you with a list of approved suppliers. Although we do not currently have an arrangement with any supplier to pay any rebates to us based on purchases by our franchisees, we do anticipate negotiating these types of arrangements in the future. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases.

We are currently the approved supplier of digital marketing services you may choose to purchase for your center. You must also purchase from us and our affiliates:

(1) FranchiCzar, our parent company, is our required supplier of your Center operating software (which offers reciprocity to members within the MyFit18 System) and customer payment processing through an online payment processing website portal run at www.franchiczar.com (See Item 6 for more detail). You must obtain all billing and payment processing services from this company.

(2) Thrifty Gear, our affiliate, is a required supplier of certain security equipment and related items.

You must also license certain software for operation of your Center from us and our affiliates, and purchase the Customer Service Center services from us and our affiliates as described in more detail in Item 6.

We or our affiliates will be the only approved suppliers for these items and we do not intend to approve another supplier for these items. We intend to have a reasonable wholesale mark-up on any items or services we sell to you, including the items described above. In our last fiscal year, neither we nor our affiliates received any payments from franchisees for the purchase or lease of goods or services. Our officers do not own any interest in any of our suppliers other than any affiliates of ours.

In addition to the above, you must You must use our mandatory vendor for the design, manufacture and supply of your exterior signage for your Center.

Approval of Alternative Specifications or Suppliers

If you want to purchase items for your Center that differ from our specifications or from a supplier we have not approved, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

Although we do not make available the criteria we review when approving suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; and is the product of a commercial quality with a proven record of durability. We will generally notify you of our approval or disapproval within 30 days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

Cooperative

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document.

Negotiated Prices

We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees.

Material Benefits

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

Other Required Purchases

Computer Systems and Required Software. We also require that you purchase, maintain and upgrade, as necessary, certain computer hardware, software and computer-related services, including but not limited to Center operating software which offers reciprocity within the MyFit18 System to your members, Internet service and email, which are listed in the Manuals and your Franchise Agreement. We may require you to maintain the network connections that we require, which may include using an Internet Service Provider or other communications provider that we approve or designate, as well as the ability to accept major credit cards, debit cards, and other non-cash payments for customer purchases. You must license or sub-license certain required software and digital applications from us or designated providers, as described in Item 11 below. You must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We do not currently, but reserve the right to, require you to maintain support service contracts and/or maintenance service contracts from designated approved suppliers.

Insurance. You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. Our requirements for insurance policies are stated in the Franchise Agreement and the Manuals, and as of the date of this Disclosure Document, include but are not limited to: commercial general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, you, which coverage shall include abuse and molestation; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the premises of the Center and its equipment; business motor vehicle liability insurance if you use a vehicle in the operation of the Center; data breach insurance; participant accident insurance; workers' compensation insurance; employee dishonesty insurance; umbrella policy if you operate more than one Center; and such other types of insurance and all in such amounts as may be specified by us from time to time. Additionally, we have designated one or more insurance companies as the insurance carrier(s) for MyFit18 Centers, and we require that you obtain your insurance through the designated carrier(s).

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 Franchise Disclosure Document.

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	3.1 and 5 and Exhibit G	3.2, 3.3 and 5.1	7, 8 and 11
(b) Pre-opening purchases/leases	5, 7, 8.7, 8.8 and 8.9	3.2 and 3.3	7, 8 and 11
(c) Site development and other pre-opening requirements	5	3	7, 8 and 11
(c) Initial and ongoing training	6	5.5	6, 7 and 11
(e) Opening	5	1.1, 3.1, 3.2, 3.4.4 and Exhibit A	7, 8 and 11
(f) Fees	2.2.10, 4, 8.13, 15.3.10 and 16	4 and 7.4	5 and 6
(g) Compliance with standards and policies / Operating Manual	3.3, 8, 10, and 13	5	8, 11, and 14
(h) Trademarks and proprietary information	7.7, 8.8, 8.11, 9, 10.2 and 11	1.4	13 and 14
(i) Restrictions on products/services offered	1.4, 7.7, 8.6, 8.7, 8.8 and 8.12	1	5, 8 and 16
(j) Warranty and customer service requirements	8 and 23	Not Applicable	16
(k) Territorial development and sales quotas	1 and Exhibit A	1, 3.2 and Exhibit A	12
(l) On-going product/ service purchases	8	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	5 and 8	Not Applicable	8
(n) Insurance	14	Not Applicable	7 and 8
(o) Advertising	4.4 and 13	Not Applicable	6, 7, 8, and 11
(p) Indemnification	21.4	12.4	Not Applicable
(q) Owner's participation / management and staffing	8.3 and 8.4	5.2	15
(r) Records/reports	12	5.3 and 5.4	6
(s) Inspections/audits	8.10 and 12.3	5.4	6 and 11

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(t) Transfer	15	7	17
(u) Renewal	2.2	Not Applicable	17
(v) Post-termination obligations	11, 17 and 18.3	6.6 and 8	17
(w) Non-competition covenants	18	8	17
(x) Dispute resolution	27	16	17
(y) Liquidated Damages	17.7	Not Applicable	6

Note 1. Each individual who is an owner of any business entity that is the franchisee must sign a personal guarantee of all the obligations of the franchisee. This guarantee also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

ITEM 10.
FINANCING

Geneva Capital, LLC ("Geneva") offers financing of up to $50,000.00 per center, including equipment (but excluding your initial franchise fee and working capital), based on credit approvals. Financing is offered as a lease that requires a range of down payment from 1st month to 20%, depending on your credit strength. Geneva also collects a security deposit equal to 1 monthly payment. Lease terms vary from 24 to 60 months. Geneva offers both true tax and capital leases. Fixed equivalent interest rates typically vary from 7.9% to 11.9% per annum, based on your financial and credit worthiness. Geneva will not require you to pledge any other assets to secure the lease, but you must provide a personal guaranty. The amount of your lease payments will depend on the amount financed, the term of the lease, and the interest rate. Depending on the lease option you choose, you will have the right to purchase the equipment at the end of the lease at either fair market value, typically capped at 10% or 20% of the original equipment cost, or $1, assuming you have not defaulted under the lease. The ability to prepay your obligations is negotiated on a case by case basis.

You will be in default under Geneva's lease documents if you fail to pay amounts owed when due or you breach any other provision of the lease documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late, or $15, whichever is greater or, if less, the maximum charge allowed by law. Regardless of the type of default, Geneva may retain your security deposit, terminate or accelerate the lease and require that you pay the remaining balance of the lease, and any purchase option due, sell the equipment and/or return the equipment to Geneva. Geneva may recover interest on the unpaid balance at the rate of 18% per annum or the maximum amount permitted by applicable law. (Lease Agreement – Section 17). It may also exercise any remedies available to it under the Minnesota Uniform Commercial Code or the law of its assignee's principal place of business. You must also pay Geneva's reasonable attorneys' fees and actual court costs. If it has to take possession of the equipment, you must pay the cost of repossession including damage to the equipment or real property as a result of repossession. (Lease Agreement – Section 13)

Under the personal guaranty, which is contained in Geneva's equipment lease agreement, you waive all notices. If you default under the lease agreement, Geneva may obtain and use consumer credit reports to determine acceptable means of remedies, and you waive any right or claim you may otherwise have under the Fair Credit Reporting Act and under the Uniform Commercial Code Section 2A (Lease Agreement – Section 13). You are not entitled to any reduction of rent or any setoff for any reason, nor will the lease terminate or will your obligations be affected by any default in, damage to or loss or possession or use of any of the equipment (Lease Agreement – Section 4). You waive any and all rights or remedies not in the lease (Lease Agreement – Section 20) and you and your guarantors consent to personal jurisdiction in the state that Geneva or its assignee, as applicable, has its principal place of business and you and your guarantors waive trial by jury. If Geneva transfers the lease the transferee will not have to perform any of Geneva's obligations and the rights of the transferee will not be subject to any claims you have against Geneva (Equipment Lease Agreement – Section 15). We do not receive any consideration from Geneva as a result of its provision of financing to our franchisees. A copy of the current Geneva lease documents as of the date of this Disclosure Document is attached as Exhibit J.

Other than as set forth above, we do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Assistance

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

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

2. We will provide you with our standard initial training program for up to three (3) persons. We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement. (Franchise Agreement, Sections 3.2, 6)

3. Provide you a sample layout of the interior of a typical Center, including décor specifications. (Franchise Agreement, – Section 3.1).

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

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

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

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

2. We will provide you with site selection guidelines, and other site selection counseling and assistance as we deem appropriate. (Area Development Agreement, Section 5.1)

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

Continuing Obligations

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

1. We may make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 6.4, 6.7)

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

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

Site Selection and Opening

Under the Franchise Agreement - Section 5 of the Franchise Agreement

You must operate your Center from a location we approve. If you do not already possess a location that we find acceptable for a MyFit18 Center when you sign our Franchise Agreement, we will provide you with general guidelines to you for the selection of sites for your Center, and review any proposed sites you select. Your Center must be opened and operating under our requirements within six (6) months following the execution of the Franchise Agreement.

If you do not comply with the requirements with respect to your required opening date, we may terminate the Franchise Agreement and you will receive no refund of any fees paid. After nine (9) months from the date you sign the Franchise Agreement, you must begin paying the Monthly Fee (see Item 6) to us, whether or not your Center is open. (Franchise Agreement, Section 5.4)

In order for us to review a proposed site for approval, you must submit to us a completed site approval package in a form specified by us (the "**SAP**"). The factors we take into consideration when reviewing a site include the location and proximity of the site to residential neighborhoods, the demographics of the surrounding area, whether the site is on a main thoroughfare, size (including ceiling height) of the proposed premises, sufficient parking availability, and the types of fitness facilities and other activities in the vicinity of the proposed site. We will have twenty (20) business days after we receive the SAP from you to approve or disapprove, in our sole discretion, the proposed location for the Center. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site. The lease or purchase agreement must be submitted to us for our approval prior to its signing so we can confirm it meets the requirements of the Franchise Agreement.

Although we provide you with prototypical plans and specifications for a Center, we do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel, or decorate the premises. You must locate and employ a qualified architect who is licensed in your jurisdiction and who is reputable and experienced in providing architecture services to adapt our prototypical plans to final construction documents. We reserve the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System. If we designate a design firm and/or architecture firm prior to the time you begin to develop the Center, you shall employ such designated supplier(s) to prepare all designs and plans for the Center, unless you obtains our prior written approval to use an alternative professional. You will be responsible for paying for all design and architecture services, whether or not the provider of such services were designated by us. You will be solely responsible for ensuring that such plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You must submit final plans and specifications to us for approval before construction of the Center begins. Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of such plans to access compliance with our design standards for Centers, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Centers.

You may not open your Center until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed our Initial Training Program to our satisfaction; (3) you have furnished us with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (4) you notify us that all approvals and conditions in the Franchise Agreement have been met; and (5) you have obtained all required permits and licenses.

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Center will be between three (3) to six (6) months. Some factors that may affect this timing include how long it takes you to select a suitable site for your Center and obtaining a lease or sublease, any shortages or delays in the installation of any equipment, fixtures, and signs, whether, and to what extent, you need to remodel your site, and your ability to secure any necessary financing.

<u>Under an Area Development Agreement- Sections 3.2 and 3.3 of the Area Development Agreement</u>

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

Under the Franchise Agreement and Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. In approving a location for a Franchised Center, we consider the location, neighborhood, traffic patterns, visibility, parking facilities, size, lease, and zoning. If you do not locate and secure an acceptable site within the required time frames, you will be in default of your agreement with us for which we may terminate your agreement. Approval by us of the site indicates only that the site meets the minimum requirements for a MyFit18 Center location.

If you sign an Area Development Agreement, you must sign individual Franchise Agreements and begin operating a MyFit18 Center under each of those agreements within the time provided for in the Development Schedule attached as Exhibit A to that agreement.

Training

Initial Training Program

Before your Franchised Center opens, you must complete all of our initial training requirements. You (including your Designated Principal), must successfully complete our Initial Training Program (Franchise Agreement, Section 6.1). Additionally, we may also require that other persons, up to a total of three (3) individuals, attend and successfully complete the initial training program.

Our Initial Training Program is conducted virtually through online presentations. We do not have any fixed training schedules, and you can complete the training program at your own discretion. The initial training must be completed at least 30 days in advance of the scheduled opening of your Center.

We do not charge for the Initial Training Program for the first three attendees. You will be responsible to pay our then-current cost for additional persons to attend which is currently $500 per additional person per day. You will not incur travel and living expenses to attend the training as it is conducted virtually, but you will be responsible for payment of any wages to employees that participate in the Initial Training Program, if any. If you fail to complete the initial training program to our satisfaction, we may terminate the Franchise Agreement and we will not reimburse the Initial Franchise Fee. (Franchise Agreement, Section 6)

The subjects covered in the initial training program are described below. The instructional materials for our training program include the Manuals and training guides. We have the right to change the duration and content of our initial training program.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Buildout and Facility	6 - 9	0	Online
Sales/Marketing	5 - 7	0	Online
Working With Support	2 - 3	0	Online
Technology	12 - 17	0	Online

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Total	25 - 36	0	

Currently, our training staff is run by Marty Flanagan, who has over twelve years of experience in the training of franchisees and whose biographical information is contained in Item 2 of this Disclosure Document. Other members of our training staff may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working in the fitness industry, or in business ownership or operation, and will have at least six (6) months experience working within our System or in the area in which they are engaged to train.

Additional Training

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

We may periodically conduct a conference, convention, program, or training session (Franchise Agreement, Section 6.4). We will determine the duration, curriculum, and location of these events. You must attend each conference, convention, program, or training session. We may charge a fee for these sessions and you must pay all expenses incurred in attending. You may also be required, from time to time, to take part in additional training or updates as we designate.

Lastly, as a condition of renewing your Franchise Agreement, we may require you to undergo further training.

Manuals

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals, the table of contents of which are provided in Exhibit G, and which Manuals are subject to change in our discretion. (Franchise Agreement, Section 10) Our Manuals contain a total of 228 pages.

Advertising

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require that you spend certain amounts on advertising and promotion each year during the term of the Franchise Agreement. See Item 6 for a summary of the total amount we can require you to expend on advertising and promotion. We do not currently maintain a System advertising fund, and instead impose a local advertising requirement on our franchisees. Therefore, we are not obligated to spend any amount on advertising programs, whether within your market or territory or otherwise.

You must spend a minimum of $1,000 per month on local advertising and promotion. We have the right to require that you provide us with proof that these funds were spent. You are required to use one of our approved digital marketing vendors to conduct certain local advertising in your Center, which will count towards this requirement. We currently require you to make this payment directly to us, and pay it to approved digital marketing vendor of your choosing on your behalf. (Franchise Agreement, Sections 13.1 and 13.2)

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Manuals with respect to all advertising and promotional requirements. You may not use any advertising or promotional plans that we have not approved in writing. If you wish to use your own advertising materials or promotional plans, you must submit to us samples of all proposed plans and materials. If we do not give our written approval within five (5) business days, we will have been deemed to have disapproved the plans or materials. We also reserve the right to require you to discontinue the use of any previously approved advertising, sales, or marketing materials. (Franchise Agreement, Section 13.5)

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

In addition to (and not in place of) the local advertising obligation, you must prepare and conduct a grand opening advertising program in accordance with our specifications for that program. You must spend at least $2,500 as part of your grand opening advertising program, however we recommend that you spend at least $5,000. All materials used in the grand opening advertising program will be subject to our prior written approval (but does not count toward your monthly local advertising requirement).

We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

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

Advisory Council

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

Websites

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "**Website**" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Center, Proprietary Marks, us, or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website. (Franchise Agreement – Section 7.6)

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 cash register or point of sale systems, hardware, software for the management and operation of the Franchised Center and for reporting and sharing information with us, and communication systems (including modems, cables, etc.). Our requirements may fluctuate as does the price and availability of new computer technology. As of the date of this Disclosure Document our requirements are described below. We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

Currently, the Computer System includes:

- One laptop computer, with specifications in accordance with the Manuals
- Personal mobile device that supports Android or an iPhone
- Operation System: Microsoft Windows 7, or more recent version
- Software: FranchiCzar Operating Software, Microsoft Office Suite, QuickBooks Online and Google Chrome
- Multi-Function Printer
- Televisions, Stereo system
- Ability to provide complimentary Wi-Fi (minimum 100 Mpbs) to members

The current cost to purchase the required Computer System is approximately $500 to $2,000, which is subject to change. You must also purchase the hardware required for a building security system, including camera surveillance. The cost of your building security system ranges from $4,000 to $5,250. These estimates assume you already own a personal mobile device. The current cost of QuickBooks Online is $18 to $30 per month, which is also subject to change. You will also need to obtain an ongoing security monitoring service, which we estimate to be approximately $65 per month.

We will also require that you use our online payment processing website portal operated by our parent, FranchiCzar, at www.franchiczar.com (that we have currently designated, but reserve the right to change) for all customer payment processing, and the payment of all fees and other amounts owed to us under the Franchise Agreement. See Item 6 for additional details.

You are required to use other proprietary software that we designate from time to time, including to license specific aspects of your curriculum. You may be required to sign a license or maintenance agreement, either with us or a vendor, in order to obtain and use any such software. Neither we, our affiliates or a third party has any contractual obligation to provide maintenance, repairs, updates or upgrades to your Computer System. We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for the communications and information systems. You will be required to maintain a high-speed internet connection at all times (i.e., T1 line, DSL, cable modem).

We charge Technology Fees for products and services related to informational technology, including email and website management, in connection with the Center and System, which you must begin to pay on the first day of the month following the month in which you sign your Franchise Agreement. As of the date of this Disclosure Document, the Technology Fees are $125 per month, however we reserve the right to increase this fee to cover our costs in provision of such services.

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

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new MyFit18 Centers. You must periodically make any upgrades and other changes to the Computer System and required software that we may request in writing. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services.

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

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

ITEM 12.
TERRITORY

Franchise Agreement and Area Development Agreement

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

Under the Franchise Agreement

Your Franchise Agreement will specify the site that will be the "**Approved Location**" for your Franchised Center. Your Franchise Agreement may also specify a protected territory ("**Territory**"). The size and scope of the Territory will be contained in the Franchise Agreement and will be determined, in our sole discretion, during the site confirmation process based upon various factors such as (a) whether the Approved Location is an urban area or a suburban area; (b) the number of residents living in the area; and (c) the number of primary and secondary school students in the area; among other factors. Because each location is different, the Territory for each Franchised Center will be different; however, each Territory will generally range from a 1/2 mile radius to a 3 mile radius around the Franchised Center. The Territory is not the same area as, and will be smaller than, the site selection area in which you will be looking for a site.

Except as described below, there are no circumstances under which the Territory may be altered prior to expiration or termination of the Franchise Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, or other factors, other than compliance with the Franchise Agreement and other agreements you have with us and our affiliates.

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

You are permitted to provide off-premises services with our consent only within your Territory and are prohibited from providing off-premises services outside of your Territory, unless we allow you to do so by providing you with written permission. If you are in compliance with your Franchise Agreement and if you receive a bona fide referral for an event or location outside of your Territory, and it is not in the protected territory of another MyFit18 franchisee, we may provide you permission to service that event or location, on the condition that we may require you to cease providing services outside of your Territory upon notice from us.

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

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

Although we have not done so, we and our affiliates may sell products and services under the Proprietary Marks within and outside your Territory through any method of distribution other than MyFit18 Centers, including sales through such channels of distribution as wholesalers, distributors, mail order, toll free numbers, the Internet, catalog sales, telemarketing or other direct marketing sales (together, "**alternative distribution channels**"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels.

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

<u>Under the Area Development Agreement</u>

If you sign an Area Development Agreement, the Area Development Agreement will specify the Development Area within which you may locate potential sites for MyFit18 Centers, subject to our approval. The size and scope of the Development Area will be determined on a case-by-case basis, as we mutually agree upon prior to signing the Area Development Agreement and will be specified in the Area Development Agreement. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other MyFit18 Centers, your financial and other capabilities, the number of MyFit18 Centers you wish to develop and our development plans.

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

During the term of the Area Development Agreement, if you comply with the obligations under the Area Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a MyFit18 Center in the Development Area. Except as described below, there are no circumstances under which the Area Development Agreement may be altered prior to expiration or termination of the Area Development Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, or other factors, other than compliance with the Area Development Agreement and Development Schedule.

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

Our Reserved Rights under the Franchise Agreement and Area Development Agreement

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

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including MyFit18 Centers operating under the Proprietary Marks and the System selling the products and services at any location outside your Territory or Development Area regardless of their proximity to, or potential impact on, your Territory or Development Area or Franchised Centers.

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

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

Additionally, during the term of your Area Development and Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, MyFit18 Centers then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Territory or Development Area, notwithstanding their proximity to the Territory or Development Area or the Approved Location or their actual or threatened impact on sales of the Center, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as a MyFit18 Center under the System at any location. If we operate and/or license others to operate any Acquired Business, then the following terms apply:

(1) If you are in compliance with your agreements with us, then for any Acquired Business that is both located within your Territory or Development Area and is purchased by us for operation by us or our affiliates, we may, in our discretion, offer you the option to purchase and operate, as a MyFit18 Center, those Acquired Business(es). If we choose to offer you this option, we will provide you with written notice of our purchase of such Acquired Business(es), the terms and conditions applicable to your option to purchase such Acquired Business(es), and such other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following: (a) the purchase price for such Acquired Business will be based on our purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below), then the purchase price will be determined using a ratio equal to the sales of such Acquired Business during the prior year, as compared to the total sales during such year of all Acquired Businesses that we purchased in the same transaction; and (b) the requirement that you enter into our then-current form of System franchise agreement for the Acquired Business, provided that you will not be required to pay an initial franchise fee for an Acquired Business. If you do not elect to purchase, or fail to complete the purchase of, an Acquired Business, we shall have the right to operate the Acquired Business ourselves, or through its affiliates or third party licensees or franchisees, under any trade name or trademarks including the Proprietary Marks.

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

ITEM 13.
TRADEMARKS

The Franchise Agreement will grant you rights to use the Proprietary Marks in connection with your Franchised Center. An application for the registration of the Proprietary Mark(s) in the following chart has been filed with the Principal Register of the United States Patent and Trademark Office (the **"USPTO"**).

Proprietary Mark	Application Number	Application Date
MYFIT18 (Class 41)	88576337	August 13, 2019

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

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. No currently effective agreement limits our right to use or license the use of these Marks. All affidavits required to preserve and renew the principal mark disclosed above will be filed. We do not know of any infringing uses that could materially affect your use of these Marks.

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

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for the Manuals, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your Center during the duration of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your staff but only to the extent necessary to operate the Center, and then only while your Franchise Agreement is in effect.

You must disclose to us all ideas, concepts, methods, techniques and products conceived of or developed by you, your affiliates, owners, or employees during the term of the Franchise Agreement relating to the development and/or operation of your Franchised Center. Under the Franchise Agreement you grant to us a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, and techniques in all MyFit18 Centers in the System.

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

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

Under both the Franchise Agreement and the Area Development Agreement, if you are other than an individual, we require that all of your owners personally sign a guaranty, indemnification and acknowledgement (in the forms included as Exhibit C to the Franchise Agreement and Exhibit C to the Area Development Agreement), guarantying and acknowledging the legal entity's covenants and obligations under that agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing and which conform to our standards and specifications (see also Item 8 above). We have the right, without limit, to change the types of authorized products and services. You must carry and sell all products, and offer and sell all services, that we approve and specify to be offered by all MyFit18 Centers, unless we otherwise provide our written approval.

You may only sell to retail customers at or from the Approved Location. If you wish to engage in off-premises activities, you may apply in writing for our approval to do so. If we provide our approval, you may engage in these activities provided that you comply with the programs, policies terms, and conditions that we may establish from time to time. Additionally, you may not engage in any other type of sale, offer to sell, or distribution of products or services, except with our prior written consent. For example, you may not sell products by catalog, mailing, toll free numbers, or by use of the Internet.

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

Under the Franchise Agreement

Provision		Section(s) in Franchise Agreement	Summary
(a)	Length of the franchise term	2.1	5 years.
(b)	Renewal or extension of the term	2.2	Three renewal terms of 5 years each, the conditions below are met.
(c)	Requirements for franchisee to renew or extend	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	Not Applicable	You may terminate the Franchise Agreement under any grounds permitted by law.
(e)	Termination by franchisor without cause	Not Applicable	
(f)	Termination by franchisor with cause	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.

	Provision	Section(s) in Franchise Agreement	Summary
(g)	"Cause" defined – defaults which can be cured	16.4 and 16.5	All other defaults not specified in Sections 16.1 and 16.2 of the Franchise Agreement. Any default by you under the Franchise Agreement may be treated as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.
(h)	"Cause" defined – non-curable defaults	16.2 and 16.3	Bankruptcy, abandonment, conviction of felony, and others; see Section 16.3 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.) Any default by you under the Franchise Agreement may be treated as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.
(i)	Franchisee's obligations on termination/non-renewal	17 and 8.30	Cease operating the Franchised Center, payment of amounts due and those that would be due for the lesser of one year or expiration of the term, and others; see Section 17.1 – 17.10 of the Franchise Agreement. No disparagement
(j)	Assignment of contract by franchisor	15.1	There are no limits on our right to assign the Franchise Agreement.
(k)	"Transfer" by franchisee - defined	15.2	Includes transfer of any interest.

	Provision	Section(s) in Franchise Agreement	Summary
(l)	Franchisor approval of transfer by franchisee	15.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m)	Conditions for franchisor approval of transfer	15.3 and 15.4	Location must be open, 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	15.6	We can match any offer.
(o)	Franchisor's option to purchase franchisee's business	17.9	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase assets of the Franchised Center. We may acquire the assets of your Franchised Center by giving you notice within thirty (30) days of termination/expiration, at fair market value.
(p)	Death or disability of franchisee	15.7 and 15.8	Your estate must transfer your interest in the Franchised Center to a third party we have approved, within a year after death or six months after the onset of disability.
(q)	Non-competition covenants during the term of the franchise	18.2 and 18.5	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses, and others; see Section 18.2 of the Franchise Agreement.
(r)	Non-competition covenants after the franchise is terminated or expires	18.3, 18.5 and 8.30	Includes a two (2) year prohibition similar to "q" (above), at the Approved Location, or within 25 miles of the Franchised Center or any other MyFit18 Center in operation or under construction on the effective date of termination or expiration located anywhere.

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

Under the Area Development Agreement

	Provision	Section(s) in Area Development Agreement	Summary
(a)	Length of the franchise term	2 and Exhibit A	Last date in Development Schedule
(b)	Renewal or extension of the term	Not Applicable	
(c)	Requirements for area developer to renew or extend	Not Applicable	
(d)	Termination by area developer	Not Applicable	
(e)	Termination by franchisor without cause	Not Applicable	
(f)	Termination by franchisor with cause	Section 6	We can terminate if you default.
(g)	"Cause" defined – curable defaults	6.3 and 6.4	All other defaults not specified in Sections 6.1 and 6.2 of Area Development Agreement. Any default by you under the Franchise Agreement may be treated as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.
(h)	"Cause" defined – non-curable defaults	6.1 and 6.2	Bankruptcy, termination of any individual Franchise Agreement for a Franchised Center operated by you or a person or entity affiliated with you, conviction of felony, and improper transfer. Any default by you under the Franchise Agreement may be treated as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours).

Provision		Section(s) in Area Development Agreement	Summary
			Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.
(i)	Area developer's obligations on termination/non-renewal	6.6	Cease establishing or operating Franchised Centers under the System for which Franchise Agreements have not been signed at the time of termination and compliance with covenants.
(j)	Assignment of contract by franchisor	7.1	There are no limits on our right to assign the Area Development Agreement.
(k)	"Transfer" by area developer – defined	7.2	Includes a transfer of an interest in the Area Development Agreement, developer entity, or any material asset of your business.
(l)	Franchisor approval of transfer by area developer	7.2	We have the right to approve transfers.
(m)	Conditions for franchisor's approval of transfer	7.2 and 7.3	Any of the conditions for transfer described in the Franchise Agreement executed pursuant to the Area Development Agreement that we deem applicable, and simultaneous transfer of Franchise Agreements executed pursuant to the Area Development Agreement. Your first MyFit18 Center under your first Franchise Agreement must be open and operating.
(n)	Franchisor's right of first refusal to acquire area developer's business	Not Applicable	
(o)	Franchisor's option to purchase area developer's business	Not Applicable	

Provision		Section(s) in Area Development Agreement	Summary
(p)	Death or disability of area developer	Not Applicable	
(q)	Non-competition covenants during the term of the franchise	8.2	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses.
(r)	Non-competition covenants after the franchise is terminated or expires	8.3	Includes a three year prohibition similar to "q" (above), within the Development Area, or within 25 miles of any MyFit18 Center in operation or under construction on the effective date of termination or expiration located anywhere.
(s)	Modification of the agreement	15	Must be in writing signed by both parties.
(t)	Integration/merger clause	15	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the representations made in this Franchise Disclosure Document.
(u)	Dispute resolution by arbitration or mediation	16.2 and 16.3	Except for certain claims, we and you must first mediate, and if unsuccessful arbitrate, all disputes at a location within 5 miles of our then current principal place of business. (Currently in Pearland, Texas.)
(v)	Choice of forum	16.4	All mediations, arbitrations and litigation proceedings must be conducted in the city of our then current principal place of business. (Currently in Pearland, Texas.) (subject to applicable state law).

Provision	Section(s) in Area Development Agreement	Summary
(w) Choice of law	16.1	Texas (subject to applicable state law).

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

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

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marty Flanagan, MyFit18, LLC, 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, (855) 446-4652, 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 to 2018 (Note 1)

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	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	0	0	0
	2017	0	0	0
	2018	0	0	0

Note 1. The numbers for each year are as of December 31.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Years 2016 to 2018 (Note 1)

State	Year	Number of Transfers
All States	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Note 1. The numbers for each year are as of December 31.

Table No. 3
Status of Franchised Outlets
For Years 2016 to 2018 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
All States	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0

Note 1. The numbers for each year are as of December 31.

Table No. 4
Status of Company-Owned Outlets
For Years 2016 to 2018 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
All States	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Note 1. The numbers for each year are as of December 31.

Table No. 5
Projected Openings
As of December 31, 2018 (Note 1)

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
Alabama	0	0-1	0
Arizona	0	0-1	0
Arkansas	0	0-1	0
California	0	0-1	0
Colorado	0	0-1	0
Connecticut	0	0-1	0

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
Delaware	0	0-1	0
Florida	0	0-1	0
Georgia	0	0-1	0
Idaho	0	0-1	0
Illinois	0	0-1	0
Indiana	0	0-1	0
Iowa	0	0-1	0
Kansas	0	0-1	0
Kentucky	0	0-1	0
Louisiana	0	0-1	0
Maryland	0	0-1	0
Massachusetts	0	0-1	0
Michigan	0	0-1	0
Minnesota	0	0-1	1-2
Mississippi	0	0-1	0
Missouri	0	0-1	0
Montana	0	0-1	0
Nebraska	0	0-1	0
Nevada	0	0-1	0

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
New Hampshire	0	0-1	0
New Jersey	0	0-1	0
New Mexico	0	0-1	0
New York	0	0-1	0
North Carolina	0	0-1	0
North Dakota	0	0-1	0
Ohio	0	0-1	0
Oklahoma	0	0-1	0
Oregon	0	0-1	0
Pennsylvania	0	0-1	0
Rhode Island	0	0-1	0
South Carolina	0	0-1	0
South Dakota	0	0-1	0
Tennessee	0	0-1	0
Texas	0	0-1	0-1
Utah	0	0-1	0
Vermont	0	0-1	0
Virginia	0	0-1	0
Washington	0	0-1	0

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
West Virginia	0	0-1	0
Wisconsin	0	0-1	0
Wyoming	0	0-1	0
Total	0	0-47	1-2

Note 1. We are looking for prospective franchisees throughout the United States, and cannot know in advance where we might find prospects. Therefore, any projection of this nature is very speculative. We will add franchises wherever we find qualified prospects.

We do not have any franchisees or area developers as of the date of this Disclosure Document. No franchisee or area developer has had a franchise terminated, cancelled, not renewed or has otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

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 F are the audited financial statements as of August 31, 2019. Our fiscal year end is December 31st. We have not been in business for 3 years or more and therefore cannot include 3 years of financial statements.

ITEM 22.
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document:

Exhibit B. Attached to this Disclosure Document as Exhibit B are state specific addenda to the Disclosure Document.

Exhibit C. Attached to this Disclosure Document as Exhibit C is a copy of the form Franchise Agreement, including the following agreements:

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

Exhibit D. Attached to this Disclosure Document as Exhibit D is a copy of the form Area Development Agreement, including the following agreements:

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

Exhibit E. Non-Use and Non-Disclosure Agreement

Exhibit H. FranchiCzar Agreement

Exhibit I. Attached to this Disclosure Document as Exhibit I is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

Exhibit J. Financing Documents

ITEM 23.
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A
LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 Tel: 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 Tel: 1-866-275-2677
Connecticut	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 Tel: 860-240-8230	
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 Tel: 850-245-6000	
Georgia	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 Tel: 404-656-3790	
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 Tel: 808-586-2722	

State	State Administrator	Agent for Service of Process
Illinois	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 Tel: 217-782-4465	
Indiana	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 Tel: 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
Iowa	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 Tel: 515-281-4441	
Kentucky	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 Tel: 502-696-5389	
Louisiana	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 Tel: 504-342-7013 (gen. info.) Tel: 504-342-7900	
Maine	Department of Business Regulations State House - Station 35 Augusta, ME 04333 Tel: 207-298-3671	

State	State Administrator	Agent for Service of Process
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 Tel: 410-576-6360	Maryland Securities Commissioner Same Address
Michigan	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 Tel: 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 Tel: 651-539-1500	Minnesota Commissioner of Commerce Same Address
Nebraska	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tel: 402-471-2171	
New Hampshire	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 Tel: 603-271-3641	
New York	Bureau of Investor Protection and Securities New York State Department of Law 28 Liberty Street New York, NY 10005 Tel: 212-416-8236	Secretary of State of New York 41 State Street Albany, New York 12231 212-416-8236

State	State Administrator	Agent for Service of Process
North Carolina	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 Tel: 919-733-3924	
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 Tel: 701-328-4712 Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
Ohio	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 Tel: 614-466-8831 Tel: 800-282-0515	
Oklahoma	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 Tel: 405-521-2451	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 Tel: 503-378-4387	
Rhode Island	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 Tel: 401-222-3048	

State	State Administrator	Agent for Service of Process
South Carolina	Secretary of State P.O. Box 11350 Columbia, SC 29211 Tel: 803-734-2166	
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 Tel: 605-773-3563	
Texas	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 Tel: 512-475-1769	
Utah	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Tel: 801-530-6601 Fax: 801-530-6001	
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 Tel: 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 Tel: 360-902-8762	

State	State Administrator	Agent for Service of Process
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 Tel: 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B
STATE SPECIFIC ADDENDA
TO DISCLOSURE DOCUMENT

The following are additional disclosures for the Franchise Disclosure Document of MyFit18, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

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 AREA DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.myfit18.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 following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. Item 6 is amended by adding the following to the Remarks in the "Late Fee and Interest on Overdue Payments" section:

The maximum allowable interest rate in California is 10% per annum.

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

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

The Area Development Agreement and Franchise Agreement require application of the laws of the State of Texas. This provision might not be enforceable under California law.

The Area Development Agreement and 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 Pearland, Texas). The Area Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in the state, and in (or closest to) the county, where Franchisor's headquarters are then located (currently Brazoria County, Texas). Prospective multi-unit developers and 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 Area Development Agreement and 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).

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

Due to our financial condition, the State of California has required a financial assurance. Therefore, payment of all initial fees is postponed until after all of our initial obligations are complete and you are open for business. You may contact the state agency listed in Exhibit A for more information.

ILLINOIS

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

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

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

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

INDIANA

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement or the Area Development Agreement conflict with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement and the Area Development Agreement provide that suit must be brought in Texas. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement, the Area Development Agreement, and any and all other related documents.

MARYLAND

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

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

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

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

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

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

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

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

MINNESOTA

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

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

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

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Area Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Area Development Agreement and Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of Developer's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Area Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW

YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), entitled Termination by franchisee:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled Assignment of contract by franchisor:

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Area Development Agreement or Franchise Agreement.

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

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

NORTH DAKOTA

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

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

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

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

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

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

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

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

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

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

RHODE ISLAND

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

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

SOUTH DAKOTA

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

Based on our financial condition, the State of South Dakota has required a financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have completed our pre-opening obligations to you for your first Franchised Center. You may contact the state agency listed in Exhibit A for more information.

VIRGINIA

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Development Agreement or Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

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

If any of the provisions in this Franchise Disclosure Document, Area Development Agreement or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document, Area Development Agreement or Franchise Agreement.

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement and the Area Development Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.

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

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

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

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

EXHIBIT C
FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE, TRANSFER FORM, AND STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

MYFIT18, LLC

FRANCHISE AGREEMENT

FRANCHISEE

APPROVED LOCATION

EFFECTIVE DATE OF AGREEMENT

TABLE OF CONTENTS

FRANCHISE AGREEMENT

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

- MyFit18, LLC, a Texas limited liability company, whose principal place of business is 11200 Broadway Street, Suite 2731, Pearland, Texas 77584 ("**Franchisor**"); and
- ____a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at ____ ____ ____ ____ ("**Franchisee**").

BACKGROUND:

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of fitness centers that feature and operate under the Proprietary Marks (as defined below) (each a "**Center**"). Centers are boutique fitness centers which offer technology enabled twenty-four (24) hour, seven (7) day a week access at accessible prices, and which are designed to operate with minimal staffing, operated under the name "MyFit18."

B. 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 "MyFit18" and other marks (the "**Proprietary Marks**").

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

D. 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 Centers in order to protect and preserve the goodwill of the Proprietary Marks.

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

NOW, THEREFORE, the parties agree as follows:

1. **GRANT**

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

and (c) operate the Franchised Center only at the Approved Location (as defined in Section 1.3 below) in accordance with this Agreement.

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

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

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

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

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

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

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

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

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

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

2. TERM AND RENEWAL

2.1 **<u>Initial Term</u>**. 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 **<u>Renewal</u>**. Franchisee may apply to operate the Franchised Center for three (3) additional terms of five (5) years each, if the following conditions are met prior to renewal:

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

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

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

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

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

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

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

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

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

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

3. <u>DUTIES OF FRANCHISOR</u>

3.1 **<u>Franchisor's Plans</u>**. Franchisor shall make available to Franchisee prototypical plans for a typical Center. Franchisee acknowledges that such prototypical plans shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such prototypical plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Center, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee understands and acknowledges that Franchisor has the right to modify the prototypical plans, and develop additional prototypical plans, as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototypical plans for the Franchised Center developed pursuant to this Agreement once the plans have been given to Franchisee). Franchisee further understands and acknowledges that each Franchised Center will be designed differently depending the specifications of the Premises. Franchisee shall adapt the prototypical plans to the Franchised Center's location, as provided in Section 5.3 hereof, subject to Franchisor's approval.

3.2 **Initial Training**. Franchisor shall provide its initial training, as described in Section 6 of this Agreement, for up to three (3) trainees.

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

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

3.5 **Grand Opening Advertising**. Franchisor shall review and shall have the right to approve or disapprove Franchisee's Grand Opening Advertising Program (as described in Section 13.3 below), which program shall be conducted at Franchisee's expense.

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

3.7 **Intentionally Omitted**.

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

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

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

4. FEES

4.1 **Franchise Fee**. In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an initial franchise fee of Fifteen Thousand Dollars ($15,000) (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 the Franchised Center is not open and operating six (6) months following the Effective Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee. The Franchise Fee shall be paid in full upon the execution of this Agreement, subject to a development credit, if any, that may be applied from the Area Development Fees that Franchisee previously paid to Franchisor pursuant to a separate Area Development Agreement executed between Franchisor and Franchisee relating to the Franchised Center.

4.2 **Refundability**. Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others. The Franchisee Fee shall not be credited against any other obligation Franchisee owes to Franchisor.

4.3 **Monthly Fee**. In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to offer and sell the products and services to the general public, and for the use of the Proprietary Marks, Franchisee shall pay to Franchisor, each month during the term of this Agreement, in addition to the Franchise Fee set forth herein, a "**Monthly Fee**" equal to the greater of: (a) Two Hundred Fifty Dollars ($250); and (b) $1.50 per member of the Franchised Center (with the number of members measured as of the preceding month), up to a maximum of Seven Hundred Fifty Dollars ($750). The obligation of Franchisee to pay the Monthly Fee will begin on the earlier of the first day of the month after the date that is: (y) nine (9) months from the Effective Date, and (z) three (3) months following the date a certificate of occupancy is issued for the Franchised Center, regardless of whether the Franchised Center has opened. The Monthly Fee is due on the first day of each month and shall be non-refundable.

4.3.1 **Alternative Annual Payment**. Notwithstanding Section 4.3, Franchisor may, in is sole discretion, allow Franchisee, upon Franchisee's request, to make an annual advance payment of Six Thousand Dollars ($6,000) (an "**Alternative Annual Payment**") in lieu of the Monthly Fees for a twelve (12) month period. If Franchisor collects an Alternative Annual Payment, Franchisee's obligation to pay the Monthly Fees shall be suspended for twelve (12) months from the date of receipt of the Alternative Annual Payment. The Franchisee's eligibility to make an Alternative Annual Payment shall be determined by Franchisor on a year-by-year basis, and by allowing Franchisee to make an Alternative Annual Payment in one period, Franchisor waives no rights to decline Franchisee's request to make an Alternative Annual Payment in a subsequent period. All Alternative Annual Payments shall be deemed fully earned upon Franchisor's receipt and shall be non-refundable under all circumstances.

4.4 **Advertising Expenditures**. Franchisee shall make advertising expenditures for marketing and promotion as Franchisor may direct pursuant to Section 13.1.

4.5 **Other Fees**.

4.5.1 **Technology Fee**. During the term of this Agreement, Franchisee shall pay to Franchisor its then-current "**Technology Fee**" for technology access and support including Center management software (which provides access control to the Franchised Center), email and Website management. The Technology Fee is due on the first day of each month, beginning on the first day of the month following the Effective Date, and shall be non-refundable. Franchisor may increase this fee upon notice to Franchisee.

4.5.2 **Exercise Delivery Platform Fee**. During the term of this Agreement, Franchisor reserves the right to charge Franchisee its then-current "**Exercise Delivery Platform Fee**" if Franchisor chooses, in its sole discretion, to include a technology-enabled exercise delivery platform as part of the System. If Franchisor does not directly provide these services or programs, Franchisee will be required to sign a separate agreement with Franchisor's designated provider of these services or programs (which may be an affiliate of Franchisor). The Exercise Delivery Platform Fee is due on the first day of each month and shall be non-refundable. Franchisor may increase this fee upon notice to Franchisee.

4.5.3 **Customer Service Center Fee**. During the term of this Agreement, Franchisor reserves the right to charge Franchisee its then-current (a) "**Customer Service Center Fee**" for the use of Franchisor's designated customer service center should Franchisor choose, in its sole discretion, to include a central customer service center as part of the System. If Franchisor does not directly provide these services or programs, Franchisee will be required to sign a separate agreement with Franchisor's designated provider of these services or programs (which may be an affiliate of Franchisor). The Customer Service Center Fees are is due on the first day of each month and shall be non-refundable. Franchisor may increase this fee upon notice to Franchisee.

4.5.4 **Meal Plan Delivery Fee.** During the term of this Agreement, Franchisor reserves the right to charge Franchisee its then-current "**Meal Plan Delivery Fee**" should Franchisor, in its sole discretion, choose to incorporate such a program as part of the System. If Franchisor does not directly provide these services or programs, Franchisee will be required to sign a separate agreement with Franchisor's designated provider of these services or programs (which may be an affiliate of Franchisor). The Meal Plan Delivery Fees are due on the first day of each month and shall be non-refundable. Franchisor may increase this fee upon notice to Franchisee.

4.6 **When Payments Due; Method of Payment**. Franchisor shall provide for collection of all Franchisee customer payments through Franchisor's online payment processing portal, and Franchisee hereby authorizes that processor to deduct any monies it collects on Franchisee's behalf the amount of all payments and fees Franchisee is obligated to pay to Franchisor, its affiliates, and its approved vendors on the due date of such fee. Franchisee shall establish an arrangement for electronic funds transfers ("**EFT**"), including, without limitation, execution of Franchisor's current form of "Authorization Agreement for Prearranged Payments," a copy of which is attached to this Agreement as Exhibit D, which also includes a credit card authorization in favor of Franchisor authorizing Franchisor to charge all amounts Franchisee or its affiliates owe to Franchisor under this Agreement or any other agreement between Franchisee or its affiliates and Franchisor or its affiliates. Franchisee shall comply with all payment and reporting procedures specified by Franchisor in this Agreement and the Manuals. Each month during the term of this Agreement Franchisor shall calculate the amount of customer payments it has received in connection with the Franchised Center for the preceding month, and shall remit such amount to Franchisee via EFT, less amounts representing the Monthly Fee, Technology Fee, Exercise Delivery Platform Fee, Customer Service Center Fee, Meal Plan Delivery Fee, local marketing expenditures, EFT fees and merchant services and other processing fees, in addition to any and all other amounts owed to Franchisor (or any affiliate of Franchisor) under this Agreement and any other agreement. Each payment by Franchisor to Franchisee shall be accompanied by a statement setting forth the amount of customer payments received in connection with the Franchised Center and payments remitted to Franchisor. Franchisee acknowledges that Franchisor may retain any amount of customer payments as remittance of any amounts owed to Franchisor (or any affiliate of Franchisor) by Franchisee under this Agreement or in connection with the Franchised Center. Franchisee further expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of all amounts provided for in this Agreement shall be absolute, unconditional, and fully earned upon receipt thereof and non-refundable. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee.

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

4.8 **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.

4.9 **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 of fifty dollars ($50), 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.

4.10 **No Waiver**. Acceptance by Franchisor of the payment of any Monthly 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 Monthly Fee or any and all other fees and payments provided for in this Agreement does not constitute any waiver of Franchisor's rights hereunder.

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

5. SITE SELECTION, CONSTRUCTION AND OPENING OF BUSINESS

5.1 **Identifying and Securing Sites**. Franchisee shall be solely responsible for identifying, submitting for Franchisor's approval, and securing a site (through lease or purchase) for the Franchised Center. The following terms and conditions shall apply to Franchised Center:

5.1.1 Franchisee shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package (the "**SAP**"). Franchisor shall have twenty (20) business days after receipt of the SAP from Franchisee to approve or disapprove, in its sole discretion, the proposed site for the Franchised Center. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said twenty (20) business days, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

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

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

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

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

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

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

5.3.3 Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's minimum design standards for Centers, including such items as trade dress, presentation of Proprietary Marks, and the providing to the potential customer of certain products and services that are central to the functioning of

Centers. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Center until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

5.3.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Center.

5.3.5 Franchisee shall employ a qualified licensed general contractor to construct the Franchised Center and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 14 below.

5.3.6 Intentionally omitted.

5.3.7 Franchisee agrees to place or display at the Premises of the Franchised Center only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor.

5.4 **Opening Date**. Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5.5 below, Franchisee shall construct, furnish, and open the Franchised Center in accordance with this Agreement on or before six (6) months following the Effective Date (the "**Required Opening Date**"). Time is of the essence. Notwithstanding the foregoing, if Franchisee is entering into this Agreement pursuant to the terms of an Area Development Agreement executed between Franchisee and Franchisor, Franchisee must open the Franchised Center on or before the date set forth in the "Development Schedule" (as defined in the Area Development Agreement). Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date; and (b) request for Franchisor's approval to open on such date. Franchisee shall not open the Center until: (v) Franchisor notifies Franchisee in writing that all pre-opening obligations have been fulfilled; (w) Franchisee has completed the initial training program to Franchisor's satisfaction and Franchisee certifies that it has provided all of its employees with the training required; (x) Franchisee has furnished Franchisor with copies of all insurance policies and certificates required herein, or other documentation of insurance coverage and payment of premiums Franchisor requests; (y) Franchisee notifies Franchisor that all other approvals and conditions herein have been met; and (z) Franchisee has obtained all required permits and licenses.

5.5 **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 Center, Franchisee shall have satisfied all initial training obligations required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 8.3 below)) and additional persons as Franchisor may require, (not to exceed a total of three (3) persons), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor either virtually through an online program or at a location designated by Franchisor. Franchisee shall pay Franchisor's then-current fee for each additional person, beyond the maximum of three (3) persons, to attend the initial training program. The duration and content of the initial training is subject to change in Franchisor's sole discretion. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program.

6.1.2 Intentionally omitted.

6.1.3 Intentionally omitted.

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

6.2 **Intentionally Omitted**

6.3 **Intentionally Omitted.**

6.4 **Refresher Training, Conventions and Programs**. Subject to Section 6.7, Franchisor may also require that Franchisee or its Designated Principal attend refresher courses, conferences, conventions, seminars, programs, and other training sessions as Franchisor may reasonably require from time to time. Franchisor reserves the right to charge a fee for all such events and sessions.

6.5 **Training Costs**. The cost of all training (instruction and required materials) shall be borne by Franchisor, except as provided in Sections 6.4 and 6.7. All other expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

6.6 **Location of Training**. All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided virtually through an online program, at Franchisor's headquarters, and/or such other locations as Franchisor may designate.

6.7 **Additional Training**. If Franchisor determines, in its sole discretion, that Franchisee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and all 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, then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and all out-of-pocket training expenses, set forth in the Manuals or otherwise in writing.

7. TECHNOLOGY

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

7.1.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, cloud-based systems, Website portals, and hardware be used by, between, or among Centers, including without limitation: (a) back office and Point of Sale System, data, audio, video, and voice storage, retrieval, and transmission systems for use at Centers, between or among Centers, and between and among the Franchised Center and Franchisor and/or Franchisee; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices;

(d) archival back-up systems; 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 programs, cloud-based system software, Website portal programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

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

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

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

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

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

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

Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

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

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

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

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

7.6.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Center, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

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

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

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

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

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

8. OTHER DUTIES OF FRANCHISEE

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

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

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

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

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

8.4 **Staffing**. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Center, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees, in addition to compliance with all applicable federal, state, and local laws, rules and regulations.

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

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

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

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

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

8.6.4 Intentionally omitted.

8.6.5 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products or services, provided that such discounted or complimentary sales shall not be included in the sales of the Franchised Center. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

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

8.7 **Purchases and Approved Suppliers**. Certain equipment, including fitness equipment, safety equipment and related accessories, furniture, fixtures, design and décor, branded items and signage, computer hardware and software, technology and security systems, payment processing services, and products Franchisee purchases for use or sale at the Center, must meet Franchisor's specifications, which Franchisor may modify at any time in its sole discretion. Franchisee shall purchase certain products, supplies, equipment, services used or offered by the Center from Suppliers designated or approved in writing by Franchisor (as used in this Section 8.7 the term **"Supplier"** shall include manufacturers, distributors and other forms of Suppliers). Franchisee shall notify Franchisor in writing if Franchisee desires to purchase items for the Center that differ from Franchisor's specification or from a Supplier Franchisor has not approved. Franchisee shall not purchase from any Supplier until, and unless, such Supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved Suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or Supplier's facilities, and that samples from the proposed Supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. 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. 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 **Intentionally Omitted**.

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

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

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

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

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

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

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

8.16 **Governmental Requirements**. Franchisor and Franchisee understand and agree that the operation of the Franchised Center, maintenance of its Premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products and services therefrom may be regulated by governmental statutes and regulations. To this end, the Franchisor and Franchisee agree that Franchisee owes an obligation to the patrons of the Franchised Center, Franchisor, and to itself, to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Franchise Agreement as if fully set forth herein.

8.17 **Prohibited Product, Service, Supplier or Advertising Fee**. In the event Franchisee sells any products, premiums, novelty items, clothing, souvenirs, or performs any services that Franchisor has not prescribed, approved or authorized, or uses any unapproved or unauthorized supplier or advertising, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product, premium, novelty item, clothing, souvenir or from performing such services or from using such supplier or advertising, and (ii) pay to Franchisor, on demand, a prohibited product, service, supplier or advertising fee equal to One Hundred Dollars ($100) per day for each day such unauthorized or unapproved product, premium, novelty item, clothing, souvenir or service is offered or provided, or such supplier or advertising is used, by Franchisee. The prohibited product or service fee shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

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

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

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

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

8.20 **Maintenance of Premises**. Franchisee shall maintain the Franchised Center and the Premises in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense (i) make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct, and (ii) arrange for the provision of professional custodial services for the Franchised Center at least three (3) times per week.

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

8.22 **Intentionally Omitted**.

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

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

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

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

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

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

8.26.3 Intentionally omitted.

8.26.4 If, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have forty-five (45) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld.

8.26.5 Franchisee agrees that in the event of a relocation of the Franchised Center, Franchisee shall promptly remove from the first Franchised Center Premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, advertising materials, stationery supplies, forms and other articles which display any of the Proprietary Marks or any distinctive features or designs associated with Centers. Furthermore, Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the first Franchised Center so clearly from its former appearance and from other Centers and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying Centers and removal of all distinctive signs and emblems). Franchisee shall, at its expense, make such specific additional changes as the Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as the Franchisor deems appropriate, Franchisee agrees that the Franchisor or its designated agents may enter the Premises of the first Franchised Center and adjacent areas at any time to make such alterations, at

Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to the Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by and court of competent jurisdiction authorizing the Franchisor or its agents to take such action, if the Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to the Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Franchised Center Premises is not promptly and completely undertaken, the Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

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

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

8.29 **Modifications Proposed by Franchisee**. Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without

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

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

9. PROPRIETARY MARKS

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

9.1.1 Franchisor is the owner of the Proprietary Marks.

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

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

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

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

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

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

9.3.3 It shall operate and advertise the Franchised Center only under the name "MyFit18" and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor;

9.3.4 It shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any email address, domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Franchised Center and to obtain governmental licenses and permits for the Franchised Center, indicate that Franchisee shall be operating the Franchised Center under the trade name "MyFit18," provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Center;

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

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

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

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

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

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

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

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

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

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

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

9.4.8 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertise using only the Proprietary Marks designated by the Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the words "MyFit18" (a) by itself, (b) as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or (c) with a bank account, trade account or in any legal or financial connection;

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

9.4.10 Franchisee shall be required to affix the ™ or ® symbol, as directed by Franchisor, upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "MyFit18" or any other of the Proprietary Marks, whether presently existing or developed in the future;

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

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

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

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

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

10. **MANUALS**

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

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

10.3 **The Manuals Remain Franchisor's Property**. The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure computer, and, to the extent they have been delivered in or converted to hard (paper) copies, shall be returned to Franchisor, as set forth in Section 17.8 below, upon the termination or expiration of this Agreement.

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

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

11. CONFIDENTIAL INFORMATION

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

11.2 **Intentionally Omitted**.

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 legal fees and costs incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

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

12. ACCOUNTING AND RECORDS

12.1 **Books and Records**. With respect to the operation and financial condition of the Franchised Center, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the

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

12.2 **Franchisee's Reports to Franchisor**. Franchisee shall:

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

12.2.2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U.S. generally accepted accounting principles. Franchisee shall certify such financial statements to be true and correct. Additionally, Franchisor reserves the right to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4.7).

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

12.2.4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in writing from time to time.

12.3 **Inspection and Audit**. Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of two percent (2%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

13. **MARKETING AND PROMOTION**

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

13.1.1 Franchisee, during each month of the term of this Agreement shall spend and/or contribute to local advertising amounts, which, in the aggregate, are equal to no less than One Thousand Dollars ($1,000) to advertise the Franchised Center (the "**Advertising Obligation**"). The Advertising Obligation shall be in the form of expenditures by Franchisee on "local advertising" pursuant to Section 13.2. Franchisor reserves the right the require (a) the use of approved digital marketing vendors to conduct certain local advertising, and (b) Franchisee to make payments to Franchisor for such approved digital marketing vendors' services, in which case Franchisor shall in turn make payment to the approved digital marketing vendors on Franchisee's behalf.

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

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

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

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

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

13.3 **Grand Opening Advertising**. In addition to the Advertising Obligation, Franchisee shall expend a minimum of Two Thousand Five Hundred Dollars ($2,500) for grand opening advertising in conjunction with the Franchised Center's initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the "**Grand Opening Advertising Program**"). The Grand Opening Advertising Program shall be executed and completed within ninety (90) days after the Franchised Center commences operation. Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Advertising Program shall not be considered local advertising, as provided under Section 13.2 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 13.3 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

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

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

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

14. **INSURANCE**

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

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

14.2.1 Commercial general liability insurance with limits of at least One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in aggregate. This coverage shall include abuse and molestation. All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged bodily and personal injury, death, and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, Franchisee. The required coverage amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

14.2.2 General casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the Premises of the Franchised Center and its equipment. Limits shall be sufficient to provide full replacement cost of all property and contents. The policy shall also cover business income for twelve (12) months.

14.2.3 Business motor vehicle liability insurance if Franchisee uses a vehicle in the operation of the Franchised Center.

14.2.4 Data breach insurance with limits of at least Two Hundred Fifty Thousand Dollars ($250,000).

14.2.5 Participant accident insurance with limits of at least Twenty-Five Thousand Dollars ($25,000).

14.2.6 Worker's compensation insurance for hired employees as well as such other insurance as may be required by statute or rule of the state in which the Franchised Center is located and operated.

14.2.7 Employee dishonest insurance with limits of at least Ten Thousand Dollars ($10,000).

14.2.8 If Franchisee operates more than one Center, an umbrella policy with limits of at least One Million Dollars ($1,000,000.

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

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

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

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

15. TRANSFER OF INTEREST

15.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right, without the need for Franchisee's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Upon any such transfer or assignment, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. If Franchisor transfers or assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "MyFit18 Center" business or to offer or sell any products or services to Franchisee. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, its Proprietary Products, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

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

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

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

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

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

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

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

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

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

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

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

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

15.3.7 If so requested by Franchisor, the transferee, at its expense, shall upgrade the Franchised Center, and other equipment to conform to the then-current standards and specifications of new

Centers then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor;

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

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

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

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

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

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

15.6 **Right of First Refusal**. If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15.6. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer.

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

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

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

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

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

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

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

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

Franchised Center under this Agreement; and (e) Franchisee and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

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

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

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

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

16. DEFAULT AND TERMINATION

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

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

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

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

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

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

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

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

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

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

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

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

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

Franchisor therein, or if Franchisee, any of its Principals or any of its employees violate the terms of Section 8.6.6;

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

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

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

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

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

16.3.8 If Franchisee fails to comply with the covenants in Section 18.2 below or fails to timely obtain execution of the covenants required under Section 18.5 below;

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

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

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

16.3.12 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Center for a period of two (2) consecutive days unless such closure is approved in writing by Franchisor, or excused by *force majeure*;

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

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

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

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

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

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

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

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

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

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

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

17.2 **Stop Using the System**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark "MyFit18" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

17.3 **Cancel Assumed Names**. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "MyFit18" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

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

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

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

17.7 **Pay Franchisor All Amounts Due**. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable legal fees and costs, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises at the time of default.

Upon termination of this Agreement by reason of a default by Franchisee, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the average Monthly Fee and Exercise Delivery Platform Fee Franchisee paid or owed to Franchisor during the twelve (12) months of operation preceding the effective date of termination, multiplied by: (a) twelve (12) (being the number of months in one (1) full year), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower; provided that if the Franchised Center was not open for such entire twelve (12) month period, utilizing the average Monthly Fee and Exercise Delivery Platform Fee paid to us by Centers within the System for any period in which the Franchised Center was not open and operating.

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

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

17.8 **Return of Manuals and Confidential Information**. Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Center (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor. Franchisee shall immediately destroy any electronic copies of the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Center that are stored on any computer or electronic device.

17.9 **Franchisor's Option to Purchase Certain Assets**. Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Center, at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

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

18. COVENANTS

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

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

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

18.2.2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise encourage such person to leave his or her employment; or

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

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

18.3.1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) at the Approved Location for the Franchised Center, (ii) within a radius of twenty-five (25) miles of the Franchised Center, or (iii) within a radius of twenty-five (25) miles of any other Center in operation or under construction on the effective date of termination or expiration located anywhere; provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor;

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

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

18.5 **Personal Covenants**. 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 managers and other personnel employed by Franchisee who have received or will receive training and/or other confidential information. Every covenant required by this Section 18.5 shall be in a form approved by Franchisor.

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

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

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

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

19. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

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

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

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

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

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

19.3.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee; and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 19.3.3 shall not apply to a publicly held corporation.

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

19.4.1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Center.

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

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

20. TAXES, PERMITS, AND INDEBTEDNESS

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

20.2 **Dispute About Taxes**. In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises of the Franchised Center, or any improvements thereon.

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

21. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

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

21.2 **Public Notice**. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Center pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify, including language identifying Franchisee as an independent business in all dealings with customers, employees, suppliers and others.

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

21.4 **Indemnification**.

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

21.4.2 Franchisee has the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of such counsel's fees and disbursements. If (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the Indemnified Party's reasonable opinion, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (b) Franchisee does not assume responsibility for such Losses in a timely manner or fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Franchisee must pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense. Franchisee or the Indemnified Party (as the case may be) agrees to keep the other reasonably apprised of, and respond to any reasonable requests concerning, the status of the defense of any claim, and Franchisee and the Indemnified Party agree to cooperate in good faith with each other with respect to the defense of any such claim. Franchisee may not, without the Indemnified Party's prior written consent, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with this Section may be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary in this Section, if a claim involves the Proprietary Marks, Franchisee agrees that Franchisor has the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by Franchisor, but reasonably satisfactory to Franchisee.

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

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

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

22. APPROVALS AND WAIVERS

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

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

23. WARRANTIES OF OPERATOR

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

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

24. NOTICES

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

25. ENTIRE AGREEMENT

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

26. SEVERABILITY AND CONSTRUCTION

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

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

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

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

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

27. **APPLICABLE LAW AND DISPUTE RESOLUTION**

27.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Texas or of any other state to which it would not otherwise be subject.

27.2 **Non-Binding Mediation**. Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless Franchisor agrees otherwise in writing. Notwithstanding anything to the contrary, this Section 27.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Franchisee's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Franchisor and Franchisee shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service. This Section 27.2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

27.3 **Arbitration**. Franchisor and Franchisee agree that, subject to Section 27.2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

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

(2) Franchisor's relationship with Franchisee;

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

(4) any System standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator, which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

27.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and legal fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 27.7 below, award any punitive, exemplary or multiple damages against either party.

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

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

27.3.4 Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section 27.3.

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

27.4 **Consent to Jurisdiction**. Subject to the mediation and arbitration obligations in Sections 27.2 and 27.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Center is located.

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

27.6 **WAIVER OF JURY TRIAL**. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

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

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

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

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

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

27.9 **Intentionally Omitted**.

27.10 **Intentionally Omitted**.

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

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

27.13 **Security Interest**. Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchised Center, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code.

27.14 **Attorneys' Fees**. In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' and legal fees and costs 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 CENTER, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

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

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

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

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

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

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

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

28.9 **Patriot Act**. Franchisee represents and warrants that to its actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Center, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

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

[SIGNATURE PAGE FOLLOWS]

MYFIT18, 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:
MYFIT18, LLC

By:______________________________

Name:____________________________

Title:_____________________________

Address for Notices:

Attn: Compliance Officer
MyFit18, LLC
11200 Broadway Street, Suite 2731
Pearland, Texas 77584

With copy to:

Meredith A. Bauer, Esq.
EntrePartner Law Firm, PLLC
575 Southeast 9th Street
Suite 95
Minneapolis, Minnesota 55414

FRANCHISEE:
____

By:______________________________

Name:____________________________

Title:_____________________________

Address for Notices:

____
____
____
Email:
Telephone:__________________________
Fax:______________________________
Attn:_____________________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

1. The Site Selection Area (See Section 1.2) for the Franchised Center shall be:

____
____
____

2. The Approved Location (See Section 1.3) for the Franchised Center shall be:

____
____
____

3. The Territory shall be (subject to the terms of the Agreement, including but not limited to Section 1.5 of the Agreement) as follows, and which Territory is reflected on the map attached to this Exhibit A:

____
____
____

4. The initial Franchise Fee shall be $__________ (See Section 4.1). Notwithstanding anything to the contrary in the Franchise Agreement, if this Franchise Agreement is executed pursuant to an Area Development Agreement, the initial Franchise Fee shall be $0 (See Section 4 of Area Development Agreement).

MYFIT18, LLC

Initial: ___________ Date: ___________

FRANCHISEE

Initial: ___________ Date: ___________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT B
LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL

FRANCHISEE'S PRINCIPALS

The following identifies all of Franchisee's Principals (as defined in Section 6.1 of the Franchise Agreement), including each Principals address and percentage of beneficial interest in Franchisee:

Name of Principal	Address, Telephone, Email	Interest (%) with Description
		Total %:

FRANCHISEE'S DESIGNATED PRINCIPAL

The following identifies Franchisee's Designated Principal (as defined in Section 8.3.1 of the Franchise Agreement), including his/her contact information and percentage of beneficial interest in Franchisee:

Name of Designated Principal	Address, Telephone, Email	Interest (%) with Description

MYFIT18, LLC

Initial: ____________ Date: ______________

FRANCHISEE

Initial: ____________ Date: ______________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to MyFit18, 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 "MyFit18" marks or system licensed to Franchisee under the Agreement.

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

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

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

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

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

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

GUARANTOR(S):

____
Print Name:______________________

____
Print Name:______________________

____
Print Name:______________________

____
Print Name:______________________

____
Print Name:______________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS AND CREDIT CARD AUTHORIZATION

EFT AUTHORIZATION

As part of the Franchise Agreement with MyFit18, LLC (the "**Franchisor**"), the "**Franchisee**" understands that it will receive and make payments which will be processed by Electronic Funds Transfer ("**EFT**") using the Automated Clearing House ("**ACH**") method. The EFT/ACH debit will move funds directly from Franchisor's account into Franchisee's account and from Franchisee's account into Franchisor's account.

The Franchisee hereby authorizes its bank to receive payments via EFT/ACH from the Franchisor, as well as pay and charge to its account EFT/ACH debits and drafts drawn by and payable to the order of the Franchisor. This authorization remains in full force and effective until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Should the bank dishonor any draft or EFT/ACH debit or credit with or without cause, the Franchisee releases the bank from any and all liability.

Franchisee:____
Designated Operator:______________________________________
Address:____
City, State, and Zip:_______________________________________

Please provide two Email addresses for Draft Notices

Email:____________________________ Email:____________________________

Please sign the acknowledgement below and return original via mail along with a VOIDED check sent to the attention of: Compliance Officer, MyFit18, LLC, 11200 Broadway Street, Suite 2731, Pearland, Texas 77584. It may also be fax to (____) ________________.

____________________ ____________________ ____________________
Financial Institution | Routing Number | Account Number

Signature of Authorized Signer:________________________ Date:________________

Please Attach Actual VOIDED CHECK

CREDIT CARD AUTHORIZATION

Credit Card Information
Card Type: ☐ MasterCard ☐ VISA ☐ Discover ☐ AMEX ☐ Other ______________________________
Cardholder Name (as shown on card): ______________________________
Card Number: ______________________________
Expiration Date (mm/yy): ______________________________
Cardholder ZIP Code (from credit card billing address): ______________________________

Franchisee hereby authorizes Franchisor to charge the above-referenced card all amounts due to Franchisor or its affiliates pursuant to the Franchise Agreement and any other agreement between Franchisee and its affiliates and Franchisor. This authorization remains in full force and effect until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Franchisee understands that its information will be saved to file for all transactions.

Signature of Authorized Signer: ______________________________ Date: ____________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT E
GENERAL RELEASE

THIS GENERAL RELEASE (**"Release"**) is executed on ______________________________
by ____
(**"Releasor"**), ____
(**"Guarantors"**), ____
(**"Transferee"**) as a condition of [CHECK ONE]:

_______ **(a)** the transfer of the Franchise Agreement dated _________________ between MyFit18, LLC (**"MyFit18"**) and Releasor (**"Franchise Agreement"**);

_______ **(b)** the transfer of the Area Development Agreement dated _________________ between MyFit18, LLC (**"MyFit18"**) and Releasor (**"Development Agreement"**); or

_______ **(c)** the execution of a renewal Franchise Agreement between Releasor and MyFit18. (If this Release is executed under the conditions set forth in (c), all references in this Release to "Transferee" should be ignored.)

1. **Release by Releasor, Transferee, and Guarantors**. Releasor and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the **"Releasing Parties"**) freely and without any influence forever release (i) MyFit18, (ii) MyFit18's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) MyFit18's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the **"Released Parties"**), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, **"Claims"**), which any Releasing Party ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the MyFit18 Center(s), the Franchise Agreement or the Development Agreement (as applicable), and all other agreements between any Releasing Party and CodeMyFit18 or MyFit18's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts**. Releasor, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Releasor, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue**. Releasor, Transferee, and Guarantors (on behalf of the Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency**. Releasor, Transferee, and Guarantors represent and warrant that: (i) the Releasing Parties are the sole owners of all Claims and rights released in Section 1 and that the Releasing Parties have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasing Party has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense**. Releasor, Transferee, and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns**. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasing Party.

7. **Counterparts**. This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. **Capitalized Terms**. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement or Development Agreement (as applicable).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Releasor, Transferee, and Guarantors have executed this Release as of the date shown above.

<u>RELEASOR:</u>

By: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________________

<u>TRANSFEREE (IF APPLICABLE):</u>

By: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________________

<u>GUARANTOR:</u>

____

Print Name: ______________________________

Date: ______________________________

<u>GUARANTOR:</u>

____

Print Name: ______________________________

Date: ______________________________

<u>GUARANTOR:</u>

____

Print Name: ______________________________

Date: ______________________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT F
TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to MyFit18, LLC upon the following terms:

1. This assignment is made under the terms of the MyFit18, LLC Franchise Agreement dated ____________, 20___ authorizing Franchisee to operate a Center (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Center covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: Main Telephone: ____________________, Facsimile: __________________ and all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Center in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Telephone Number Assignment Agreement and Power of Attorney to be duly signed as evidenced by their signatures appearing below. Signed the _____ day of ____________, 20___.

FRANCHISOR: **MYFIT18, LLC**	**FRANCHISEE:** ______________________________
By:______________________________	By:______________________________
Name:______________________________	Name:______________________________
Title:______________________________	Title:______________________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT G
LEASE RIDER

LEASE RIDER

This Lease Rider is attached to the Lease between LANDLORD and TENANT dated ________________, 20___ and is a part of the Lease. If any terms of this Lease Rider are different from or do not agree with the provisions of the Lease, LANDLORD and TENANT will follow and observe the provisions of this Lease Rider with regard to those terms.

BACKGROUND

A. Tenant is a franchisee of MyFit18, LLC ("Franchisor") for the operation of a MyFit18™ center. Landlord and Tenant have executed a lease agreement dated ___________ ("Lease") for the premises located at ____("Leased Premises") for use by Tenant as its MyFit18™ center ("Franchised Business") in connection with a Franchise Agreement dated _______________by and between Franchisor and Tenant ("Franchise Agreement");

B. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein.

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Default Notice. In the event there is a default under the Lease by Tenant, Landlord agrees that it shall furnish to Franchisor, contemporaneously with that to Tenant written notice of any default and the action required to cure such default, at the following address:

Franchisor – MyFit18, LLC
Liza Glass
MyFit18, LLC
11200 Broadway Street, Suite 2731
Pearland, Texas 77584
Telephone: (855) 446-4652

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to, at Franchisor's option: either (i) Franchisor or its affiliate; or (ii) another franchisee of Franchisor who meets Franchisor's requirements for operating as a franchisee within the MyFit18 system (a "Qualified Franchisee"); all of its rights, title and interest in and to the Lease, and Franchisor, its affiliate, or such Qualified Franchisee, as applicable, may agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and may assume Tenant's occupancy rights for the remainder of the term of the Lease. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor or a Qualified Franchisee, and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease, or designate a Qualified Franchisee to enter into a new lease, with Landlord

containing terms and conditions no less favorable than the Lease. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor or the Qualified Franchisee, as applicable, free and clear of all rights of Tenant or third parties, subject to Franchisor or the Qualified Franchisee executing an acceptance of the assignment of Lease or new lease, as the case may be. Should Franchisor or its affiliate accept assignment of the Lease hereunder, Landlord agrees that it may thereafter assign its interest in the Lease to a Qualified Franchisee who would then become the lessee.

3. De-identification. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, and the Lease is not assigned pursuant to the provisions herein, Tenant and Landlord acknowledge that Tenant is required to remove all of MyFit18 proprietary trademarks, service marks, trade dress, and signs, materials, designs and logos of Franchisor. Landlord will cooperate with Franchisor in enforcing such requirement, including without limitation, by allowing Franchisor, its employees and agents to enter the Leased Premises in order to enforce this provision; provided, that Landlord is not required to bear any expenses associated with the enforcement of this provision.

4. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all of the obligations of Tenant on its part to be performed or observed under the Lease from and after the date of assignment, or the new lease.

5. Third Party Beneficiary. Landlord and Tenant agree and acknowledge that Franchisor is an intended third-party beneficiary to the Lease, and as such, the Lease may not be amended or cancelled so as to affect any the Lease, or the intent of the same, without the prior written approval of Franchisor, which approval shall not be unreasonably withheld.

6. Lease Rider to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Lease Rider and the Lease, the terms of this Lease Rider shall prevail.

7. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

BY SIGNING THIS LEASE RIDER, TENANT AND LANDLORD AGREE THAT THEY HAVE READ AND UNDERSTAND ALL OF THE AGREEMENTS IN THIS LEASE RIDER AND THAT THE TERMS AND CONDITIONS OF THIS LEASE RIDER ARE FULLY INCORPORATED INTO THE LEASE AS IF FULLY SET FORTH THEREIN.

LANDLORD NAME
a ______________________.

By: ____________________________
____________________________ (name)

______________________________ (title)

TENANT NAME
a ___________________________.

By: ____________________________________
______________________________ (name)
______________________________ (title)

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT H
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, MyFit18, LLC (the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "**Franchise Agreement**") for the establishment and operation of an "**Center**." The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("**Broker**") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

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

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

____
____
____
____
____
____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

____
____
____
____
____
____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

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

____

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

____

____

____

____

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

The name of the 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:______________________

MYFIT18, LLC
FRANCHISE AGREEMENT
EXHIBIT I
STATE ADDENDA

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE ADDENDA TO THE FRANCHISE AGREEMENT

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ____________________ a ____________________ ("**Franchisee**"), whose principal business address is ____________________.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because the laws of California apply to the relationship between Franchisee and Franchisor.

2. **FRANCHISE FEE.** The following is added to Section 4.1 of the Franchise Agreement:

"Payment of all initial fees is postponed until after all of Franchisor's initial obligations under the Franchise Agreement are complete and Franchisee is open for business."

[Remainder of page intentionally left blank]

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

~~1.~~3. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

~~2.~~4. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 16.2 ("Consent to Jurisdiction") of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

~~3.~~5. **GOVERNING LAW**. Section 27.1 of the Franchise Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 17.17 of the Franchise Agreement:

17.17 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

5. **FINANCIAL ASSURANCE**. Based on our financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, we have posted a surety bond with the State of Illinois guaranteeing our obligations under the Franchise Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
MYFIT18, LLC	**(IF ENTITY):**
By:____________________	____________________
Name:____________________	[Name]
Title:____________________	
Date:____________________	By:____________________
	Name:____________________
	Title:____________________
	Date:____________________
	(IF INDIVIDUALS):
	____________________
	[Signature]
	____________________
	[Print Name]
	____________________
	[Signature]
	____________________
	[Print Name]
	Date:____________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES**. The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

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

3. **INSOLVENCY**. The following sentence is added to the end of Section 16.1 of the Franchise Agreement:

Section 16.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **FORUM FOR LITIGATION**. The following language is added to the end of Section 27.4 ("Consent to Jurisdiction") of the Franchise Agreement:

Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW**. The following sentence is added to the end of Section 27.1 ("Governing Law") of the Franchise Agreement:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 27.8 ("Limitation") of the Franchise Agreement:

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

7. **ACKNOWLEDGMENTS**. The following is added as a new Section 29 to the end of the Franchise Agreement:

29. ACKNOWLEDGEMENTS.

All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
MYFIT18, LLC	**(IF ENTITY):**
By: ______________________	______________________
Name: ______________________	[Name]
Title: ______________________	
Date: ______________________	By: ______________________
	Name: ______________________
	Title: ______________________
	Date: ______________________
	(IF INDIVIDUALS):
	______________________
	[Signature]
	______________________
	[Print Name]
	______________________
	[Signature]
	______________________
	[Print Name]
	Date: ______________________

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________ a ______________________ ("**Franchisee**"), whose principal business address is ______________________.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

   Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL TERM AND TERMINATION TERM.** The following is added to the end of Sections 2.2 and 16.4 of the Franchise Agreement:

   However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 9.4.13 of the Franchise Agreement:

   Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, cots or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION.** The following language is added to the end of Section 27.4 of the Franchise Agreement:

   NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE'S RIGHTS TO ANY

PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW**. The following statement is added at the end of Section 27.1 of the Franchise Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 27.6 and 27.7 of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS**. The following is added to the end of Section 27.8 of the Franchise Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF**. Section 18.9 of the Franchise Agreement is deleted and replaced with the following:

> Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:____________________________
Title:_____________________________

Date:______________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:______________________________
Name:____________________________
Title:_____________________________

Date:______________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:______________________________

**ADDENDUM TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK**

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________________________, (the "Franchise Agreement"). This Addendum is being signed because (a) Franchisee is domiciled in the State of New York and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **FRANCHISOR'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 15.1 of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee that, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of Sections 2.2.4, 8.26, and 15.3.3 of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY FRANCHISEE**. The following language is added as Section 16.6 of the Franchise Agreement:

Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF**. The following sentence is added to the end of Section 18.9:

Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 27.4 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 27.1 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
MYFIT18, LLC	**(IF ENTITY):**
By:____________________	____________________
Name:____________________	[Name]
Title:____________________	
Date:____________________	By:____________________
	Name:____________________
	Title:____________________
	Date:____________________
	(IF INDIVIDUALS):
	____________________
	[Signature]
	____________________
	[Print Name]
	____________________
	[Signature]
	____________________
	[Print Name]
	Date:____________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ________________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 2.2.4, 15.3.3, and 15.4 of the Franchise Agreement:

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

3. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 18.3 of the Franchise Agreement:

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

4. **GOVERNING LAW**. Section 27.1 of the Franchise Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5. **FORUM FOR LITIGATION**. The following is added to the end of Section 27.4 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE'S MEDIATION AND ARBITRATION OBLIGATIONS, FRANCHISEE

MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 27.6 and 27.7 of the Franchise Agreement are deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 27.8 of the Franchise Agreement is deleted.

8. **FINANCIAL ASSURANCE**. Based on our financial condition, the State of North Dakota has required a financial assurance. Therefore, we have posted a surety bond with the State of North Dakota guaranteeing our obligations under the Franchise Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ________________________________ a ______________________ ("**Franchisee**"), whose principal business address is __________________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _________________________, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Rhode Island and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.2 and 16.4:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 27.1 and 27.4 of the Franchise Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:_____________________________
Title:_____________________________

Date:_____________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:______________________________
Name:_____________________________
Title:_____________________________

Date:_____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:_____________________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because the laws of South Dakota independently apply to the relationship between Franchisor and Franchisee.

2. **FRANCHISE FEE.** The following is added to Section 4.1 of the Franchise Agreement:

"The South Dakota Securities Regulation Office requires Franchisor to defer Franchisee's payment of the Franchise Fee and any other initial payments owed by Franchisee until Franchisor has completed its pre-opening obligations under the Franchise Agreement."

[Remainder of page intentionally left blank]

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ________________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ________________________, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Virginia and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Virginia, and/or (b) Franchisee is domiciled in Virginia.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:________________________________
Name:____________________________
Title:_____________________________

Date:______________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:________________________________
Name:____________________________
Title:_____________________________

Date:______________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:______________________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Franchised Center that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

> In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows:
>
> The State of Washington has a statute, RCW 19.100.180, which might supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede this Agreement in Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise.
>
> In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, shall prevail.
>
> A release or waiver of rights executed by Franchisee shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Franchisee**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Franchised Center that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.2 and 16.4:

> Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:___________________________
Title:____________________________

Date:____________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:______________________________
Name:___________________________
Title:____________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

EXHIBIT D
AREA DEVELOPMENT AGREEMENT, GUARANTY, GENERAL RELEASE, TRANSFER FORM, AND STATE SPECIFIC ADDENDA TO AREA DEVELOPMENT AGREEMENT

MyFit18

MYFIT18, LLC

AREA DEVELOPMENT AGREEMENT

____
AREA DEVELOPER

____
DEVELOPMENT AREA

____
EFFECTIVE DATE OF AGREEMENT

TABLE OF CONTENTS

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "**Agreement**") is made and entered into on this ______day of ______________, 20___ (the "**Effective Date**"), by and between:

- MyFit18, LLC, a Texas limited liability company, whose principal place of business is 11200 Broadway Street, Suite 2731, Pearland, Texas 77584 ("**Franchisor**"); and

- ____ a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at ____ ____ ("**Area Developer**").

BACKGROUND:

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of fitness centers that feature and operate under the Proprietary Marks (as defined below) (each a "**Center**"). Centers are boutique fitness centers which offer technology enabled twenty-four (24) hour, seven (7) day a week access at accessible prices, and which are designed to operate with minimal staffing, operated under the name "MyFit18."

B. 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 "MyFit18" and other marks (the "**Proprietary Marks**").

C. Area Developer desires to obtain certain development rights to open and operate Centers under the System and the Proprietary Marks, as well as to receive other assistance provided by Franchisor in connection therewith.

NOW THEREFORE, the parties agree as follows:

1. GRANT

1.1 **Grant and Acceptance**. Franchisor grants development rights to Area Developer, and Area Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Centers (the "**Franchised Centers**") as set forth in Exhibit A to this Agreement. In this regard, the parties further agree that:

1.1.1 Each Franchised Center developed hereunder shall be operated pursuant to a separate MyFit18, LLC Franchise Agreement (a "**Franchise Agreement**") that shall be executed as provided in Section 3.4 below.

1.1.2 For each Franchised Center to be developed under this Agreement, Area Developer shall execute the Franchise Agreement for such Franchised Center in accordance with the deadlines set forth in the development schedule specified in Paragraph 1 of Exhibit A to this Agreement (the "**Development Schedule**").

1.1.3 Each Franchised Center developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within in the area described in Paragraph 2 of Exhibit A to this Agreement (the "**Development Area**").

1.2. **Development Area**. Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1.3), during the term of this Agreement, and so long as Area Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Franchisor and Area Developer (including any affiliate of Area Developer), Franchisor shall not establish or operate, or license anyone other than Area Developer to establish or operate, a Center under the Proprietary Marks and System at any location that is within the Development Area.

1.3 **Franchisor's Reserved Rights**. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Area Developer any rights therein:

1.3.1 To own, acquire, establish, and/or operate and license others to establish and operate, Centers under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Centers;

1.3.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Centers, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Centers;

1.3.3 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet), including products bearing Franchisor's Proprietary Marks; and

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

1.3.4.1 Provided that Area Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Area Developer the option to purchase and operate, as a Center, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Area Developer such an option, Franchisor shall provide Area Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Area Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Area Developer shall include, without limitation, the following: (a) the purchase price will be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by

Franchisor in the same transaction; and (b) the requirement that Area Developer enter into Franchisor's then-current form of System franchise agreement for the Acquired Business, provided that Area Developer shall not be required to pay an initial franchise fee for an Acquired Business. If Area Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Proprietary Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), Area Developer shall have no right to purchase, and Franchisor shall have no obligation to offer Area Developer any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. Franchisor may license an Acquired Business that is operated by a licensee or franchisee under the Acquired System to be operated under any trade name or trademarks, including the Proprietary Marks, and may also license to such licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Development Area.

1.4 **No Rights to Use the System**. This Agreement is not a Franchise Agreement, and does not grant to Area Developer any right to use the Proprietary Marks or the System or to sell or distribute any products or services. Area Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Centers to be located in the Development Area as set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A; or (ii) the final date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the "**Expiration Date**").

3. DEVELOPMENT OBLIGATIONS

3.1 **Time is of the Essence**. Recognizing that time is of the essence, Area Developer shall comply strictly with the Development Schedule. Area Developer acknowledges and agrees that the Development Schedule requires that Area Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Centers by the end of the time periods specified in Exhibit A.

3.2 **Identifying and Securing Sites**. Area Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Franchised Center. The following terms and conditions shall apply to each Franchised Center to be developed hereunder:

3.2.1 Area Developer shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package (the "**SAP**"). Franchisor shall have twenty (20) business days after receipt of the SAP from Area Developer to approve or disapprove, in its sole discretion, the proposed site for the Franchised Center. In the event Franchisor does not approve a proposed site by written notice to Area Developer within said twenty (20) business days, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

3.2.2 Following Franchisor's approval of a proposed site, Area Developer shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 3.3 below. Area Developer shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" under the Franchise Agreement executed pursuant Section 3.4 below.

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

3.3 **Lease Terms**. For each Franchised Center to be developed hereunder, if Area Developer will occupy the premises from which the Franchised Center will be operated under a lease or sublease, Area Developer shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Area Developer may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require. A Lease Rider containing Franchisor's current requirements is included as an exhibit to the Franchise Agreement, which Area Developer must execute and must cause to be executed by the landlord to its lease as a condition to Franchisor's approval hereunder.

3.4 **Franchise Agreements**. With respect to the Franchise Agreements to be executed for the Franchised Centers to be developed pursuant to this Agreement, the following terms and conditions shall apply:

3.4.1 The Franchise Agreement for the first Franchised Center to be developed under this Agreement shall be executed simultaneously with the execution of this Agreement.

3.4.2 The Franchise Agreement for each subsequent Franchised Center to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement executed simultaneously with this Agreement including, without limitation, higher and/or additional fees.

3.4.3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Area Developer; provided that (a) each such franchisee entity is controlled by, or under common control with, Area Developer, and (b) the Area Developer and all Principals (as defined in Section 9.1 below) of Area Developer requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of franchisee's obligations under the Franchise Agreement.

3.4.4 Area Developer must execute each Franchise Agreement in accordance with the Development Schedule. Failure to timely execute a Franchise Agreement as required by this Section 3.4 will constitute a default under this Agreement. Area Developer shall thereafter comply with all pre-opening and opening requirements set forth in the Franchise Agreement relating to the Franchised Center.

3.5 **Force Majeure Events**. Area Developer shall not be responsible for non-performance or delay in performance occasioned by a "**force majeure,**" which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Area Developer; provided, however, force majeure shall not include Area Developer's lack of adequate financing. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Area Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay.

4. DEVELOPMENT FEE AND INITIAL FRANCHISE FEE

4.1 **Area Development Fee**. In consideration of the development rights granted herein, upon execution of this Agreement, Area Developer shall pay an area development fee ("**Area Development Fee**") that is equal to Fifteen Thousand Dollars ($15,000) multiplied by the number of Franchised Centers to be developed and opened within the Development Area during the term of this Agreement and in accordance with the Development Schedule; the total amount of such Area Development Fee is specified in Paragraph 3 of Exhibit A. Receipt of the Area Development Fee is hereby acknowledged. The Area Developer expressly acknowledges and agrees that the Area Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted herein to Area Developer, even if Area Developer does not enter into any Franchise Agreements pursuant to this Agreement.

4.2 **Credit Towards Franchise Fee**. Area Developer will not pay an initial franchise fee ("**Franchise Fee**") for any of the Centers to be developed under this Agreement.

5. DUTIES OF THE PARTIES

5.1 **Franchisor's Assistance**. Franchisor shall furnish to Area Developer the following:

5.1.1 Site selection guidelines, and such site selection counseling and assistance as Franchisor may deem advisable;

5.2 **Designated Principal**. If Area Developer is other than an individual, Area Developer shall designate, subject to Franchisor's reasonable approval, one Principal (as defined in Section 9.1) who is both an individual person and owns at least a ten percent (10%) of Area Developer, and who shall be responsible for general oversight and management of the development of the Franchised Centers under this Agreement and the operations of all such Franchised Centers open and in operation on behalf of Area Developer (the "**Designated Principal**"). Area Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Area Developer, the responsibility and decision-making authority regarding the Area Developer's business and operation. In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Area Developer, transfers his/her interest in Area Developer, or otherwise ceases to supervise the development of the Franchised Centers, Area Developer shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

5.3 **Records and Reports to Franchisor**. Area Developer shall, at Area Developer's expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 No later than the twentieth (20th) day of each calendar month, Area Developer shall have prepared a profit and loss statement reflecting all of Area Developer's operations during the last preceding calendar month, for each Franchised Center. Area Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Area Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request.

5.3.2 On April 15th of the year following the end of Area Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant.

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 **Maintaining Records**. Area Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Area Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

6. DEFAULT AND TERMINATION

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

6.2 **Termination Upon Notice**. Area Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6.5 below, without affording Area Developer any opportunity to cure the default, effective immediately upon the provision of notice to Area Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default:

6.2.1 If the Franchise Agreement for any Franchised Center operated by Area Developer (or an entity affiliated with Area Developer) is terminated.

6.2.2 If Area Developer or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

6.2.3 If Area Developer or any Principal purports to transfer any rights or obligations under this Agreement or any the assets of Area Developer in a manner that is contrary to the terms of Section 7 of this Agreement.

6.2.4 If any Franchised Center operated by Area Developer (or an entity affiliated with Area Developer) at any time ceases to operate or is otherwise abandoned for a period of two (2) consecutive days unless such closure is approved in writing by Franchisor, or excused by *force majeure*.

6.2.5 If Area Developer misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System.

6.2.6 If Area Developer breaches any material provision of this Agreement which breach is not susceptible to cure.

6.3 **Missed Deadline**. Failure by Area Developer to meet a deadline under the Development Schedule (a "**Missed Deadline**") shall constitute a default under this Agreement. In such an event, Franchisor, in its discretion, may (i) terminate this Agreement and all rights granted in accordance with this Agreement; or (ii) elect, in lieu of terminating this Agreement or assessing the extension fee, to take any of the actions described in Section 6.5 below.

6.4 **Notice and Opportunity to Cure Other Defaults**. Except as otherwise provided in Sections 6.1, 6.2 , and 6.3 above, if Area Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the 30-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Centers) will terminate without further notice to Area Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

6.5 **Franchisor's Other Options Upon Default**. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Area Developer's breach of this Agreement, which include, but are not limited to: (i) loss of the limited exclusivity, or reduction in the scope of protections, granted to Area Developer under Section 1.2 herein for the Development Area; (ii) reduction in the scope of the Development Area; and/or (iii) reduction in the number of Franchised Centers to be developed by Area Developer. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement.

6.6 **No Further Rights**. Upon termination or expiration of this Agreement, Area Developer shall have no right to establish or operate any Center for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Area Developer's breach of this Agreement shall include, without limitation, Area Developer's loss of its right to develop additional Franchised Centers under this Agreement, and Franchisor's retention of all area development fees paid or owed by Area Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Centers in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer or Area Developer's affiliates (as permitted under Section 3.4.3 above).

7. TRANSFER OF INTEREST

7.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right, without the need for Area Developer's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

7.2 **No Transfers Without Franchisor's Approval**. Area Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Area Developer or the Principals of Area Developer if Area Developer is not an individual. Accordingly, neither Area Developer nor any Principal shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Area Developer (including any direct or indirect interest in a corporate or partnership Area Developer), the rights or obligations of Area Developer under this Agreement, or any material asset of the Area Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7.3 and 7.4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Area Developer's first Franchised Center under its first Franchise Agreement must be open and operating, and Area Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Area Development and its affiliates, and Franchisor).

7.3 **Simultaneous Transfers**. Area Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee.

7.4 **Transfer Fee**. At the request of Franchisor, Area Developer shall pay a transfer fee of an amount equal to the greater of: (i) Ten Thousand Dollars ($10,000) for each Franchised Center that remains to be developed and opened in order to satisfy the Development Schedule, or (ii) fifty percent (50%) of the Area Development Fee paid or due. Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee due under such Franchise Agreement(s) shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s).

7.5 **Transfer to Entity Formed for by Area Developer**. Notwithstanding anything to the contrary in this Section 7, if Area Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 7.4 shall not apply, and Area Developer may undertake such transfer, provided that: (a) Area Developer owns one hundred percent (100%) of the equity interest in the transferee entity;, (b) Area Developer and any other Principal(s) personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Area Developer under this Agreement; (c) Area Developer executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to developing and operating the Franchised Centers; and (e) Area Developer and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

8. COVENANTS

8.1 **Confidential Information**. Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.2 **During the Term**. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

8.2.1 Divert or attempt to divert any business or guest of any Center or of any unit under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be considered (i) any business offering fitness-related services or products; and/or (ii) any business that is the same as or similar to a Center. Area Developer acknowledges and agrees that Area Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6.2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Area Developer (or, if Area Developer is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.3 if such person was subject to the covenants of this Section 8.2.3.

8.3 **After the Agreement and After a Transfer**. Area Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Area Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Franchised Centers provided for in the Development Schedule), or (ii) within a radius of twenty-five (25) miles of any other Center in operation or under construction on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Area Developer of any business under the System under a franchise agreement with Franchisor.

8.4 **Exception for Ownership in Public Entities**. Sections 8.2 and 8.3 hereof shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "**publicly held corporation**" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

8.5 **Intentionally Omitted**.

8.6 **Covenants as Independent Clauses**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 **Franchisor's Right to Reduce Scope of the Covenants**. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof.

8.8 **Covenants Survive Claims**. Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

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

9. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

9.1 **List of Principals**. If Area Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Area Developer (each a "**Principal**"), and the interest of each Principal in Area Developer, shall be identified in Exhibit B to the Agreement. Area Developer shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 7 above. As set forth in Section 5.2 above, the Designated Principal shall at all times have at least a ten percent (10%) interest in Area Developer.

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

9.3 **Corporations and Limited Liability Companies**. If Area Developer is a corporation or limited liability company, Area Developer shall comply with the following requirements:

9.3.1 Area Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Centers.

9.3.2 Area Developer shall, upon request of Franchisor, promptly furnished to Franchisor copies of Area Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

9.3.3 Area Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Area Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 9.3.3 shall not apply to a publicly held corporation.

9.4 **Partnerships and Limited Liability Partnerships**. If Area Developer or any successor to or assignee of Area Developer is a partnership or limited liability partnership, Area Developer shall comply with the following requirements:

9.4.1 Area Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Centers.

9.4.2 Area Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

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

10. NOTICES

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

11. **PERMITS AND COMPLIANCE WITH THE LAWS**

11.1 **Compliance with Laws**. Area Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 **Notice of Actions**. Area Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Center established under this Agreement.

12. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

12.1 **No Fiduciary Relationship**. Area Developer is an independent contractor. Franchisor and Area Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship.

12.2 **Public Notice**. During the term of this Agreement, Area Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an area development agreement with Franchisor. Area Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Area Developer's offices, the content of which Franchisor reserves the right to specify.

12.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Area Developer in Area Developer's operations hereunder, or for any claim or judgment arising therefrom against Area Developer or Franchisor.

12.4 **Indemnification**. Area Developer shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Area Developer's operation of the business contemplated hereunder (notwithstanding any claims that the Indemnitees are or were negligent). Area Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Area Developer, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Area Developer's obligation hereunder.

13. APPROVALS AND WAIVERS

13.1 **Approval Requests**. Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing.

13.2 **Non-waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Area Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Area Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Area Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, covenants or conditions of this Agreement.

14. SEVERABILITY AND CONSTRUCTION

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

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

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

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

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

14.6 **Captions Only for Convenience**. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

15. ENTIRE AGREEMENT

Franchisor and Area Developer, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Area Developer which are uncertain, Franchisor and Area Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Area Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Area Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Area Developer or the relationship between them. Franchisor and Area Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Area Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Area Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 15 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

16. APPLICABLE LAW AND DISPUTE RESOLUTION

16.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Texas or of any other state to which it would not otherwise be subject.

16.2 **Non-Binding Mediation**. Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. All mediation proceedings will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of Franchisor's then current principal place of business, unless Franchisor agrees otherwise in writing. Notwithstanding anything to the contrary, this Section 16.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty five (45) days of Area Developer's receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Franchisor and Area Developer shall each bear its own costs of mediation, and each shall bear one-half (½) the cost of the mediator or mediation service. This Section 16.2 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which relates to the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

16.3 **Arbitration**. Franchisor and Area Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Area Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Area Developer (and/or Area Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Area Developer and Franchisor;

(2) Franchisor's relationship with Area Developer;

(3) the validity of this Agreement or any other agreement between Area Developer and Franchisor; or

(4) any System standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

16.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 16.9 below, award any punitive, exemplary or multiple damages against either party.

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

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

16.3.4 Despite Franchisor's and Area Developer's agreement to arbitrate, Franchisor and Area Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Area Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

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

16.4 **Consent to Jurisdiction**. Subject to the mediation and arbitration obligations in Sections 16.2 and 16.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Area Developer resides or the Development Area is located.

16.5 **No Rights Exclusive of Other Rights**. No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

16.6 **WAIVER OF JURY TRIAL**. FRANCHISOR AND AREA DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER.

16.7 **Limitation**. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Area Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

16.8 **Intentionally Omitted.**

16.9 **WAIVER OF PUNITIVE DAMAGES**. FRANCHISOR AND AREA DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

16.10 **Intentionally Omitted**.

16.11 **Injunctive Relief**. Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

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

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

17. **ACKNOWLEDGMENTS**

17.1 **AREA DEVELOPER'S INVESTIGATION OF THE BUSINESS POSSIBILITIES**. AREA DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING A CENTER, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF AREA DEVELOPER (OR, IF AREA DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND AREA DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. AREA DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS

BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. AREA DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT AREA DEVELOPER HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

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

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

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

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

Area Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Area Developer nor any Area Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Area Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[SIGNATURE PAGE FOLLOWS]

MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
SIGNATURE PAGE

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

FRANCHISOR :
MYFIT18, LLC

By:______________________________

Name:____________________________

Title:_____________________________

Address for Notices:

Attn: Compliance Officer
MyFit18, LLC
11200 Broadway Street, Suite 2731
Pearland, Texas 77584

With copy to:

Meredith A. Bauer, Esq.
EntrePartner Law Firm, PLLC
575 Southeast 9th Street
Suite 95
Minneapolis, Minnesota 55414

AREA DEVELOPER:
____

By:______________________________

Name:____________________________

Title:_____________________________

Address for Notices:

____
____
____
Email:
Telephone:_________________________
Fax:______________________________
Attn:_____________________________

MYFIT18, LLC AREA DEVELOPMENT AGREEMENT
EXHIBIT A
DATA SHEET

1. **Development Schedule** (see Section 1.1): Area Developer shall execute Franchise Agreements for the development and operation of __________ (___) Franchised Centers, within the Development Area in accordance with the following Development Schedule:

Center Number	Date by Which Franchise Agreement Must be Signed	Date by Which Franchised Center Must Be Open & Operating	Cumulative Number of Centers to be Open and Operating by Area Developer in the Development Area
1	Date of this Agreement.		1
2			2
3			3

For the purposes of determining compliance with this Development Schedule, only the Centers Area Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Centers required to be open and operated above.

The Expiration Date of this Agreement, as defined in Section 2, shall be the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Centers to be located in the Development Area as set forth in the Development Schedule above; or (ii) the final date set forth in the Development Schedule above.

2. **Development Area** (see Section 1.1): The Development Area shall be defined as the following:

____

____

____

If the Development Area references one or more sites yet to be determined, then Franchisor reserves the right to develop and operate Centers in and around the above-described city, county, or area, and to sell franchises and grant territories to others – including through area development agreements – who will operate Centers in and around the above-described area. Area Developer may then be required to choose a final location for a Center outside of any protected territory given to any other franchisee or area developer, which final location may be outside of the area identified above.

3. **Area Development Fee** (see Section 4.1): In accordance with the total number of Franchised Centers to be developed and opened within the Development Area, the total Area Development Fee shall be $_________________.

MYFIT18, LLC | **AREA DEVELOPER**

Initial:__________ Date:__________ | **Initial:__________ Date:__________**

MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT B
LIST OF PRINCIPALS & DESIGNATED PRINCIPAL

The following identifies all of Area Developer's Principals (as defined in Section 9.1 of the Area Development Agreement):

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

<u>AREA DEVELOPER'S DESIGNATED PRINCIPAL</u>

The following identifies Area Developer's Designated Principal (as defined in Section 5.2 of the Area Development Agreement):

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

MYFIT18, LLC

Initial:__________ **Date:**__________

AREA DEVELOPER

Initial:__________ **Date:**__________

MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT C
GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to MyFit18, LLC ("**Franchisor**") to enter into the Area Development Agreement between Franchisor and ____________________________________ ("**Area Developer**"), dated ___ __________________ 20___ (the "**Agreement**"), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor's successors and assigns that all of Area Developer's covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this "**Guaranty**") is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

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

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

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 7 and 8. Signature by the undersigned on this Guaranty constitutes the undersigned's signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Area Developer by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the "MyFit18" marks or system licensed to Area Developer under the Agreement.

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

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

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

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under Section 10 of the Agreement.

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

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

GUARANTOR(S):

____
Print Name:________________________

____
Print Name:________________________

____
Print Name:________________________

____
Print Name:________________________

____
Print Name:________________________

MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT D
AREA DEVELOPER CERTIFICATION

The undersigned, personally and as an officer(s), member(s) or partner(s) of Area Developer, as applicable, does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Area Development Agreement and the MyFit18, LLC Franchise Agreement, and that the decision to execute the Area Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Area Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor or its affiliate operated Centers that are contrary to or different from the information contained in Franchisor's Franchise Disclosure Document. The undersigned further certifies that he/she understands the risks involved in this investment and MyFit18, LLC makes no representation or guaranty, explicit or implied, that the Area Developer will be successful or will recoup his/her investment.

IN WITNESS WHEREOF, the undersigned have signed and delivered this Certificate this _____ day of _______________, 20____.

____
AREA DEVELOPER

By:___________________________________
Name:_________________________________
Title:__________________________________

Each of the undersigned Principals own a beneficial interest in Area Developer and has read the Area Development Agreement, agree to be individually bound by all obligations of Area Developer hereunder and certify the foregoing:

By:___________________________________
Name:_________________________________

By:___________________________________
Name:_________________________________

By:___________________________________
Name:_________________________________

By:___________________________________
Name:_________________________________

By:___________________________________
Name:_________________________________

By:___________________________________
Name:_________________________________

MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT E
STATE ADDENDA

ADDENDUM TO THE MYFIT18, LLC AREA DEVELOPMENT AGREEMENT FOR USE IN CALIFORNIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because the laws of California apply to the relationship between Area Developer and Franchisor.

2. **AREA DEVELOPMENT FEE**. The following is added to Section 4.1 of the Area Development Agreement:

"Payment of all initial fees owed by Area Developer is postponed until after all of Franchisor's initial obligations under the Area Development Agreement are complete and Area Developer's first MyFit18 Center is open for business."

[Remainder of page intentionally left blank]

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ______________________ ("**Area Developer**"), whose principal business address is ________________________________.

~~1.~~3. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ________________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) Area Developer is domiciled in Illinois.

2. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW**. Section 16.1 ("Governing Law") of the Area Development Agreement is deleted and replaced with the following:

> Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 16.14 of the Area Development Agreement:

> 16.14 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

4. **FINANCIAL ASSURANCE**. Based on our financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, we have posted a surety bond with the State of Illinois guaranteeing our obligations under the Area Development Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:___________________________
Title:____________________________

Date:____________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:______________________________
Name:___________________________
Title:____________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ________________________________ a ______________________ ("**Area Developer**"), whose principal business address is ________________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ________________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Maryland, and/or (b) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Maryland.

~~2.~~4. **INSOLVENCY**. The following sentence is added to the end of Section 6.1 of the Area Development Agreement:

Section 6.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

~~3.~~5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

Area Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~4.~~6. **GOVERNING LAW**. The following sentence is added to the end of Section 16.1 ("Governing Law") of the Area Development Agreement:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

~~5.~~7. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 16.7 ("Limitation") of the Area Development Agreement:

Area Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Area Developer the franchise.

~~6.~~8. **RELEASE OF CLAIMS.** The following is added to the end of Section 16.10 of the Area Development Agreement:

This release will not apply to any claims or liability arising under the Maryland

Franchise Registration and Disclosure Law.

~~7.~~9. **ACKNOWLEDGMENTS.** The following language is added as Section 17 of the Area Development Agreement:

17. ACKNOWLEDGEMENTS.

All representations requiring Area Developer to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

~~8.~~10. **FINANCIAL ASSURANCE.** Based on our financial condition, the State of Maryland has required financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Area Development Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:____________________________
Name:________________________
Title:_________________________

Date:__________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:____________________________
Name:________________________
Title:_________________________

Date:__________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota.

2. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.4 of the Area Development Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR AREA DEVELOPER'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **GOVERNING LAW**. The following statement is added at the end of Section 16.1 of the Area Development Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR AREA DEVELOPER'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.6 and 16.9 of the Area Development Agreement are deleted.

5. **LIMITATION OF CLAIMS**. The following is added to the end of Section 16.7 of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

6. **RELEASE OF CLAIMS**. The following is added to the end of Section 16.10 of the Area Development Agreement:

Notwithstanding the foregoing, Area Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 - 80C.22.

7. **INJUNCTIVE RELIEF**. Section 16.11 of the Area Development Agreement is deleted and replaced with the following:

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Area Developer agrees that Franchisor may seek such injunctive relief. Area Developer agrees that its only remedy if an injunction is entered against Area Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Area Developer hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:______________________________

Name:__________________________

Title:___________________________

Date:____________________________

AREA DEVELOPER

(IF ENTITY):

____

[Name]

By:______________________________

Name:__________________________

Title:___________________________

Date:____________________________

(IF INDIVIDUALS):

____

[Signature]

____

[Print Name]

____

[Signature]

____

[Print Name]

Date:____________________________

ADDENDUM TO THE
MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with this Addendum. This Addendum is being signed because (a) Area Developer is domiciled in the State of New York and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in New York.

2. **FRANCHISOR'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 7.1 of the Area Development Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

3. **TERMINATION OF AGREEMENT - BY AREA DEVELOPER**. The following language is added as Section 6.7 of the Area Development Agreement:

> Area Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 16.11:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 16.4 ("Consent to Jurisdiction") of the Area Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law,, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 16.1

("Governing Law") of the Area Development Agreement:

This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:____________________________
Name:__________________________
Title:___________________________

Date:____________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:____________________________
Name:__________________________
Title:___________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is a resident of North Dakota and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 8.3 of the Area Development Agreement:

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

3. **GOVERNING LAW**. Section 16.1 of the Area Development Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND AREA DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

4. **FORUM FOR LITIGATION**. The following is added to the end of Section 16.4 of the Area Development Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO AREA DEVELOPER'S ARBITRATION OBLIGATIONS, AREA DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 16.6 and 16.9 of the Area Development Agreement are deleted.

6. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 16.7 of the Area Development Agreement is deleted.

7. **FINANCIAL ASSURANCE**. Based on our financial condition, the State of North Dakota has required a financial assurance. Therefore, we have posted a surety bond with the State of North Dakota guaranteeing our obligations under the Area Development Agreement. You may contact the state agency listed in Exhibit A of our Franchise Disclosure Document for more information.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:____________________________

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Rhode Island and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **TERMINATION.** The following paragraph is added to the end of Section 6.4:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 16.1 and 16.4 of the Area Development Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND

FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:____________________________
Name:_________________________
Title:__________________________

Date:__________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:____________________________
Name:_________________________
Title:__________________________

Date:__________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:__________________________

ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ______________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because the laws of South Dakota apply to the relationship between Area Developer and Franchisor.

2. **AREA DEVELOPMENT FEE.** The following is added to Section 4.1 of the Area Development Agreement:

"The South Dakota Securities Regulation Office requires Franchisor to defer Area Developer's payment of all initial fees owed by Area Developer until Franchisor has completed its pre-opening obligations for its first MyFit18 Center under the Area Development Agreement."

[Remainder of page intentionally left blank]

ADDENDUM TO THE MYFIT18, LLC
DEVELOPMENT AGREEMENT
FOR USE IN VIRGINIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ________________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Virginia and the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located in Virginia, and/or (b) Area Developer is domiciled in Virginia.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

FRANCHISOR

MYFIT18, LLC

By:______________________________
Name:____________________________
Title:____________________________

Date:______________________________

AREA DEVELOPER

(IF ENTITY):

____
[Name]

By:______________________________
Name:____________________________
Title:____________________________

Date:______________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:______________________________

**ADDENDUM TO THE MYFIT18, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN WASHINGTON**

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **MYFIT18, LLC**, a Texas limited liability company ("**Franchisor**") with its principal business address at 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, and ______________________________ a ____________________ ("**Area Developer**"), whose principal business address is ____________________________.

1. **BACKGROUND**. Franchisor and Area Developer are parties to that certain Area Development Agreement dated ______________________, 20____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) Area Developer is domiciled in Washington; and/or (b) the Franchised Centers that Area Developer will operate and develop under the Area Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Area Development Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Area Development Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, the Area Development Agreement shall be modified as follows:

The State of Washington has a statute, RCW 19.100.180, which might supersede this Agreement in Franchisee's relationship with us, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede this Agreement in Franchisee's relationship with us, including termination and renewal of Franchisee's franchise.

In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

A release or waiver of rights executed by Area Developer shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Area Development Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. **FINANCIAL ASSURANCE.** Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under the Area Development Agreement. You may contact the state agency listed in Exhibit 1 of our Franchise Disclosure Document.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

FRANCHISOR	**AREA DEVELOPER**
MYFIT18, LLC	**(IF ENTITY):**
By: ______________________ Name: ______________________ Title: ______________________	______________________ [Name]
Date: ______________________	By: ______________________ Name: ______________________ Title: ______________________
	Date: ______________________
	(IF INDIVIDUALS):
	______________________ [Signature]
	______________________ [Print Name]
	______________________ [Signature]
	______________________ [Print Name]
	Date: ______________________

EXHIBIT F
FINANCIAL STATEMENTS

SALMON SIMS THOMAS

Accountants and Consultants

Consent of Independent Auditor

To Whom it may concern:

Salmon Sims Thomas & Associates, PLLC consents to the use in the Franchise Disclosure Document issued by MyFit18, LLC (-Franchisor") on October 4, 2019, as it may be amended, of our report dated September 18, 2019, relating to the financial statements of the Franchisor for the period from October 22, 2018 (inception) to August 31, 2019.

Sincerely

Eileen Keller

Eileen Keller, Partner
Dallas, Texas
Firm #C06455

12720 Hillcrest Road ■ Suite 500 ■ Dallas, TX ■ 75230 ■ 972.392.1143 ■ 888.332.4829 ■ 972.934.1269 fax ■ www.sstcpa.com

MYFIT18, LLC

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE PERIOD OCTOBER 22, 2018 (INCEPTION) TO AUGUST 31, 2019

MYFIT18, LLC
TABLE OF CONTENTS
FOR THE PERIOD OCTOBER 22, 2018 (INCEPTION) TO AUGUST 31, 2019

SALMON SIMS THOMAS
Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Member
of MyFit18, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of MyFit18, LLC (a Texas limited liability company), which comprise the balance sheet as of August 31, 2019, and the related statements of operations, changes in member's deficit, and cash flows for the period October 22, 2018 (inception) to August 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MyFit18, LLC as of August 31, 2019, and the results of its operations and its cash flows for the period October 22, 2018 (inception) to August 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Salmon Sims Thomas

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

September 18, 2019

MyFit18, LLC
Balance Sheet
August 31, 2019

ASSETS

Assets		
Cash	$	195,200
Due from related party		440
TOTAL ASSETS	$	195,640

LIABILITIES AND MEMBER'S DEFICIT

Liabilities		
Accrued interest	$	3,910
Due to related party		400
Note payable, related party		200,000
Total Liabilities		204,310
Member's Deficit		(8,670)
TOTAL LIABILITIES AND MEMBER'S DEFICIT	$	195,640

The accompanying notes are an integral part of this financial statement.

MyFit18, LLC
Statement of Operations
For the Period October 22, 2018 (Inception) to August 31, 2019

Revenue		
Franchise revenue	$	-
Royalty income		-
Total Revenue		-
Operating Expenses		
Professional fees		4,760
Total Operating Expenses		4,760
Loss from Operations		(4,760)
Other Expense		
Interest expense		3,910
Net Loss	$	(8,670)

The accompanying notes are an integral part of this financial statement.

MyFit18, LLC
Statement of Changes in Member's Deficit
For the Period October 22, 2018 (Inception) to August 31, 2019

Balance, October, 22, 2018	$	-
Net loss		(8,670)
Balance, August 31, 2019	$	(8,670)

The accompanying notes are an integral part of this financial statement.

MyFit18, LLC
Statement of Cash Flows
For the Period October 22, 2018 (Inception) to August 31, 2019

Cash Flows from Operating Activities		
Net loss	$	(8,670)
Adjustments to reconcile net loss to net cash used by operating activities:		
Changes in operating assets and liabilities		
Accrued interest		3,910
Due from related party		(440)
Due to related party		400
Net Cash Used By Operating Activities		(4,800)
Cash Flows from Financing Activities		
Proceeds from note payable, related party		200,000
Net Cash Provided by Financing Activities		200,000
Net Increase in Cash		195,200
Cash Balance at October 22, 2018		-
Cash Balance at August 31, 2019	$	195,200

The accompanying notes are an integral part of this financial statement.

MyFit18, LLC
Notes to Financial Statements
For the Period October 22, 2018 (Inception)
to August 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of MyFit18, LLC, (Company) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

MyFit18, LLC is a registered single member limited liability company organized under the laws of the state of Texas. The Company is owned by another single member limited liability company which is owned by an "S" corporation. The Company was organized on October 22, 2018 in Pearland, Texas. The Company markets and operates franchise agreements for the "MyFit18" system of fitness centers.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. No significant estimates were used in preparing these financial statements, as no actual operations were incurred in the period October 22, 2018 (inception) to August 31, 2019.

Income Taxes

The Company is a disregarded entity for federal income tax purposes. Consequently, federal income taxes are not payable by or provided for by the Company, rather earnings or losses flow up to the S corporation discussed above.

State Income Tax

The State of Texas charges a "margin" tax on all entities. This margin tax is, in substance, a state income tax. The Company did not meet the threshold requiring payment for a margin tax for the period October 22, 2018 (inception) to August 31, 2019.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes,* would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of operations or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments and Fair Value Measurements

The Company's financial instruments, none of which are held for trading purposes, include cash and note payable. The Company estimates that the fair value of all financial instruments at August 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at August 31, 2019. The Company places cash which did not exceed federally insured limits with high credit quality institutions during the period October 22, 2018 (inception) to August 31, 2019. The Company has not experienced any such losses with these accounts.

Revenue Recognition

Franchise revenue will be generated from three basic forms: development fees, initial franchise fees, and royalties. Development fees will be paid to the Company as part of an agreement to open and operate a specific number of centers in a specified territory. The amount of the fee is based on the number of centers to be opened pursuant to the development agreement and secures the territory for exclusivity during the development. The fees collected are recognized based on metrics determined by the Company as discussed in the following paragraph. The Company's multi-unit development agreements specify the number of centers to be opened. Any changes to the specific number of centers would be stated in a subsequent contractual agreement. For the period October 22, 2018 (inception) to August 31, 2019, the Company had no fitness centers open or franchise agreements signed.

The Company charges an initial franchise fee for providing operational materials, new center opening planning and functional training courses. The individual franchise fees will be recognized at completion of three metrics setup by the Company. Initial franchise fees will be recognized 10% on completion of onboarding, 15% on receiving access to support systems and any remainder on soft opening or when the agreement is terminated. All fees are due upon signing of franchise and area development agreements and revenue is recognized based on the methods previously mentioned or when the applicable agreement is terminated.

The Company will also receive royalty and administrative fees on the individual centers developed. Royalties will be determined as a percentage of sales and are recognized in the same period as the related franchise center revenue. Administrative fees will be a set monthly fee per franchise center.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." This update was issued to replace the current revenue recognition guidance, ASC 605-35, Revenue Recognition – Construction – Type and Production – Type Contracts. The standard is effective for reporting periods beginning after December 15, 2018. The Company is currently assessing the impact that adoption of Topic 606 will have on its results of operations.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)", (ASU 2016-02), which replaces the existing guidance in ASC 840, Leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. This pronouncement requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability.

The Company is currently assessing the impact that adoption of ASU 2016-02 will have on its results of operations but expects that it will not result in an increase in long-term assets and liabilities given that the Company has not entered into any lease agreements. This update will be adopted in 2020 if the Company enters into any lease contracts.

Date of Management's Review

The Company has evaluated subsequent events for potential recognition and disclosure through September 18, 2019 which is the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

During the period October 22, 2018 (inception) to August 31, 2019, a related party, under common control, paid corporate formation filing fees of the Company. The Company had a balance due to the related party totaling $400. Management expects to repay the funds within the next operating cycle.

During the period October 22, 2018 (inception) to August 31, 2019, the Company paid corporate formation filing fees on behalf of a related-party franchisee. The Company had a balance due from the related party totaling $440. Management expects to receive repayment of the funds within the next operating cycle.

NOTE 3 – NOTES PAYABLE – RELATED PARTY

On December 14, 2018, a related party made a $200,000 loan to the Company. The loan is unsecured and bears an imputed interest at 2.76% and is due in-full when called from the lender. The outstanding balance was $200,000 as of August 31, 2019.

Interest expense on the note totaled $3,910 as of August 31, 2019.

EXHIBIT G
TABLE OF CONTENTS OF OPERATIONS MANUAL

- 7.2 Scalability – 1 page
- 7.3 Finances – 1 page

o 8 FAQs
  - Corporate Alliances – 2 pages
  - Real Estate– 2 pages
  - Thrifty Gear– 2 pages
  - Marketing Campaigns– 2 pages
  - Office 365– 2 pages
  - Stripe– 2 pages
  - Tours – 2 pages
  - Internet Outages – 2 pages
  - Employee Portals – 2 pages
  - Editing Customers – 2 pages
  - Pricing – 2 pages
  - Transfers – 2 pages
  - Programming – 2 pages

Total: 228 pages

EXHIBIT H
FRANCHICZAR AGREEMENT

MASTER SERVICES AGREEMENT

This Master Services Agreement (this "**Agreement**") is made and entered into as of _______________ (the "**Effective Date**"), between **FranchiCzar** ("**FranchiCzar**") with a principal place of business at 11200 Broadway St., Suite 2731, Pearland, Texas 77584 and _______________________________________ ("**Franchisee**"), which operates a MyFit18™ Center franchised location known as _______________________________________("Franchised Location").

1. **SCOPE OF SERVICES; SET-UP.**

a. FRANCHISEE operates a MyFit18™ Center at the Franchised Location pursuant to a Franchise Agreement with MyFit18, LLC ("**Franchise Agreement**"). During the term of the Franchise Agreement, FranchiCzar agrees to provide FRANCHISEE with access to the FranchiCzar application and operating system ("**Software**"), and will provide customer payment processing services to FRANCHISEE for the Franchised Location as reasonably required and as customary for service providers of a similar size and situation to FRANCHISEE (the "**Services**"). Such Services shall be provided in accordance with the provisions of this Agreement only for the Franchised Location. No other locations/territories are included in this Agreement.

b. FranchiCzar hereby grants FRANCHISEE with a non-exclusive, non-transferable license to have access to and use the Software and Services solely in connection with, and within the scope and purpose of, its business relationship with MyFit18, LLC at the Franchised Location, pursuant to the terms of this Agreement. FRANCHISEE is prohibited from transferring or sub-licensing this license to any third party and shall not access or use the Software for or on behalf of any third party.

c. FranchiCzar agrees as part of the Services, to bill and account for all customer payments at the Franchised Location, upon receipt of acceptable customer and account information for each customer. FRANCHISEE hereby appoints FranchiCzar to act as its attorney-in-fact as follows: (i) to receive sales data from FRANCHISEE and tender it to a bank and/or a credit card processor, for processing, and remit to the net receipts from such amounts on such schedules as FranchiCzar may establish, and (ii) in connection with this Agreement, to execute any and all documents and take any and all other actions, on behalf of FRANCHISEE, that it deems necessary or appropriate without further authorization or consent of FRANCHISEE. FRANCHISEE is responsible for maintaining all appropriate authorizations and agreements with its customers.

d. As between FRANCHISEE and FranchiCzar, FranchiCzar owns and reserves all right, title, and interest in and to the Software and the Services. This Agreement does not grant FRANCHISEE any rights in or to the Software or Services except for the limited rights to use the Software and the Services expressly granted by this Agreement. FranchiCzar reserves the right to change the Software or the specifications of the Services at any time, including changing or removing features and/or functionality, and may suspend the Software and Services for repair, maintenance or improvement with or without notice to FRANCHISEE.

2. **FRANCHISEE OBLIGATIONS.**

a. FRANCHISEE may not, and may not permit any third party to, use the Software or Services in any manner or for any purpose other than as expressly permitted by this Agreement.

b. FRANCHISEE may not, or may not attempt to, and may not permit any third party to: (a) modify, alter, tamper with, copy, translate, or otherwise create derivative works of the Software or Services; (b) reverse engineer, disassemble, or decompile the Software or Services or otherwise attempt to derive the source code of any software included in the Software or Services; (c) resell or sublicense the Software or Services; (d) use the Software or Services to develop any software or other technology having the same primary function as the Software or Services; (e) use the Software or Services in a manner that interferes with other users' use of the Software or Services; or (f) use the Software or Services in any manner that violates FranchiCzar's policies.

c. FRANCHISEE's use of the Software and Services is subject to the privacy policies and terms of use adopted by FranchiCzar from time to time, and any other policy or terms for access to and use of the Software or Services. FRANCHISEE will comply with all applicable laws, rules, and regulations in connection with the use of the Software and Services.

d. FRANCHISEE IS RESPONSIBLE FOR ALL USE AND ACTIVITIES ASSOCIATED WITH OR ARISING FROM ANY USE OF THE SOFTWARE OR THE SERVICES. FRANCHICZAR AND ITS AFFILIATES ARE NOT RESPONSIBLE FOR UNAUTHORIZED ACCESS TO FRANCHISEE'S ACCOUNT. FRANCHISEE will contact FranchiCzar immediately if it believes an unauthorized third party may be using its account or if its account information is lost or stolen. FRANCHISEE will be deemed to have taken any action that occurs under its account.

3. CUSTOMER DATA AND CONFIDENTIALITY.

a. FranchiCzar will follow its standard back-up and archiving procedures for any Customer Data (defined below). In the event of any loss or damage to Customer Data, Franchisee's sole and exclusive remedy shall be for FranchiCzar to use reasonable commercial efforts to restore the lost or damaged Customer Data from the latest back-up of such Customer Data maintained by FranchiCzar in accordance with its standard archiving procedure. FranchiCzar shall not be responsible for any loss, destruction, alteration or disclosure of Customer Data caused by any third party.

b. The parties acknowledge that as the owner of the MyFit18 franchise system, MyFit18, LLC is the owner of all data regarding the customers of the Franchised Location (the "**Customer Data**"). The Services and all of the data and information in the Software and in connection with the Services is the confidential and proprietary information of FranchiCzar and MyFit18, LLC, as applicable (the "**Information**"). FRANCHISEE may use the Information and Customer Data only in connection with the use of the Software or Services as permitted under this Agreement. FRANCHISEE will not disclose any Information during or after the term of this Agreement. FRANCHISEE will take all reasonable measures necessary to avoid disclosure, dissemination or unauthorized use of Information and Customer Data. When this Agreement terminates, FRANCHISEE can no longer use the Information or Customer Data.

c. FRANCHISEE is a franchisee of MyFit18, LLC, and has certain obligations pursuant to the Franchise Agreement. FRANCHISEE understands and agrees that FranchiCzar may share information with MyFit18, LLC regarding the Franchised Location and receive instructions from MyFit18, LLC to assist FRANCHISEE in complying with the Franchise Agreement, including without limitation, instructions for FranchiCzar to withhold Information from FRANCHISEE and provide it to MyFit18, LLC. FRANCHISEE also authorizes FranchiCzar to refund any amounts owed by FRANCHISEE to its customers under the terms of the Franchise Agreement, and to deduct such refunds from remittances owing to FRANCHISEE.

4. **FRANCHICZAR CHARGES.**

a. FRANCHISEE shall pay FranchiCzar a fee for Services, in an amount equal to three percent (3.00%) of all payments received by FRANCHISEE at the Franchised Location, plus the applicable "Pass-Thru-Fees" on all payments. Pass-Thru-Fees shall represent the approximate cost of processing credit, debit card, and bank payments, and FRANCHISEE agrees to pay all such applicable Pass-Thru-Fees as may be incurred. All fees will be deducted from the amount collected on behalf of the FRANCHISEE. FranchiCzar reserves the right, from time to time, to change the fees and charges provided for herein without prior notice. FranchiCzar will not be responsible for any delay in remittance for any reason.

b. If, in the sole discretion of FranchiCzar, a past due account becomes uncollectible, FRANCHISEE will be responsible for further collection of said account and FranchiCzar shall be released from any further responsibility with respect to such account.

c. Notwithstanding the foregoing, if any sum payable under this Agreement is not paid within five (5) days after the due date then (without prejudice to its other rights and remedies), FranchiCzar reserves the right to charge interest on such sum on a day to day basis at the maximum amount allowed by law. Such interest shall be paid on demand.

d. FRANCHISEE will pay any and all federal, state or local excise, sales or use taxes or similar taxes imposed with respect to all customer payments and fees payable hereunder, or the Services involved hereunder ("**Taxes**"), and complete and file all required tax reports thereto, all in a timely manner, and hereby agrees to indemnify and hold FranchiCzar, its officers, directors, shareholders, and employees harmless from any loss, including attorneys' fees, resulting from its failure to do so. If FranchiCzar is required to withhold or pay any of the foregoing said Taxes, or if FRANCHISEE ever becomes liable to FranchiCzar for any sums or losses, the amount so paid by FranchiCzar for said Taxes and any sums expended or losses incurred by FranchiCzar for which FRANCHISEE is responsible, will be deducted from all money collected, held or controlled by FranchiCzar under any existing agreements between FRANCHISEE and FranchiCzar, including but not limited to, this Agreement. In the event the amounts are not satisfied, any remaining amounts owed will be due and payable to FranchiCzar by FRANCHISEE within twenty-four (24) hours upon notification and request for payment by FranchiCzar.

5. **TERM AND TERMINATION.**

a. This Agreement shall commence upon the Effective Date and shall expire upon the expiration or termination of the Franchise Agreement, unless earlier terminated pursuant to the terms of this Agreement. FRANCHISEE operates a MyFit18® Center at the Franchised Location pursuant to a Franchise Agreement with MyFit18, LLC that expires on __________________________________.

b. In addition, FranchiCzar may also terminate this Agreement immediately, without notice or liability, if it determines in its sole discretion that: (i) FRANCHISEE has breached any portion of this Agreement or any other agreement it may have with MyFit18, LLC; (ii) FRANCHISEE's use of or access to the Software or Services inhibits any other user from using or accessing the Software or Services; or (iii) any part or all of the Software or Services will no longer be offered.

FranchiCzar may also terminate this Agreement at any time and for any reason by providing FRANCHISEE notice.

c. FranchiCzar may suspend FRANCHISEE's right to access or use any portion or all of the Software or Services immediately upon notice to FRANCHISEE if it determines: (a) FRANCHISEE'S use of the Software or Services may subject FranchiCzar, its affiliates, or any third party to liability or may adversely impact the Software or Services; or (b) FRANCHISEE is in breach of this Agreement, the Franchise Agreement or any other agreement it may have with MyFit18, LLC. FranchiCzar's right to suspend FRANCHISEE's right to access or use the Software or Services is in addition to its right to terminate this Agreement as outlined herein.

d. In the event of termination of this Agreement, FranchiCzar will hold all money in escrow for a period of no more than sixty (60) days following such termination. This holding period ensures all customer refunds and returns will be paid and FRANCHISEE hereby authorizes FranchiCzar to make all bona fide customer refunds as may be applicable.

6. **WARRANTY.** FranchiCzar warrants that (i) it has full power and authority to grant to FRANCHISEE the license to access and use the Software and Services as are granted pursuant to this Agreement and as are required for FRANCHISEE to receive and use the Services as contemplated by this Agreement; and (ii) it shall perform the Services and its other responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of any third party proprietary rights.

7. **WARRANTY DISCLAIMERS; LIMITATION OF LIABILITY.**

a. THE SOFTWARE AND SERVICES ARE PROVIDED "AS IS." FRANCHICZAR, ITS AFFILIATES, SUPPLIERS AND LICENSORS MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE REGARDING THE SERVICES, INCLUDING WITHOUT LIMITATION NO REPRESENTATIONS OR WARRANTIES THAT THE SOFTWARE OR SERVICES ARE SECURE, MEET FRANCHISEE'S REQUIREMENTS, OR ARE FREE FROM ERRORS, VIRUSES, OR OTHER HARMFUL COMPONENTS. EXCEPT TO THE EXTENT PROHIBITED BY LAW, FRANCHICZAR, ITS AFFILIATES, SUPPLIERS AND LICENSORS DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE.

b. IN NO EVENT SHALL FRANCHICZAR, ITS AFFILIATES, SUPPLIERS OR LICENSORS BE LIABLE FOR ANY DIRECT, INDIRECT, PUNITIVE, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SOFTWARE, SERVICES OR THIS AGREEEMENT, WHETHER BASED ON CONTRACT, TORT, WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF ANY SUCH DAMAGES.

c. **UNDER NO CIRCUMSTANCES WHATSOEVER SHALL FRANCHICZAR'S, ITS AFFILIATES', SUPPLIERS' OR LICENSORS' AGGREGATE LIABILITY RESULTING FROM OR RELATING TO THIS AGREEMENT OR THE USE OF THE SOFTWARE OR SERVICES EXCEED THE FEES PAYABLE TO FRANCHICZAR HEREUNDER IN THE YEAR PRECEDING THE EVENT CAUSING ANY SUCH LIABILITY.**

Certain United States state laws do not allow limitations on implied warranties or the exclusion or limitation of certain damages. If these laws apply to FRANCHISEE, some or all of the above disclaimers, exclusions, or limitations may not apply.

8. INDEMNIFICATION. FRANCHISEE will defend, indemnify, and hold harmless FranchiCzar, its affiliates, suppliers and licensors, and each of their respective employees, officers, directors, and representatives from and against any claims, demands, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to any third party claim concerning: (a) FRANCHISEE's use of the Software and Services (including any activities under its account); or (b) FRANCHISEE's breach of this Agreement or violation of applicable law. FranchiCzar will promptly notify FRANCHISEE of any claim subject to this paragraph, but FranchiCzar's failure to promptly notify FRANCHISEE will only affect its obligations under this paragraph to the extent that FranchiCzar's failure prejudices FRANCHISEE's ability to defend the claim. FRANCHISEE may: (a) use counsel of its own choosing (subject to FranchiCzar's written consent) to defend against any claim; and (b) settle the claim with FranchiCzar's prior written consent before entering into any settlement. However, FranchiCzar may also assume control of the defense and settlement of the claim at any time upon notice to FRANCHISEE.

9. INDEPENDENT CONTRACTOR. FranchiCzar, and any FranchiCzar employees, agents, contractors, and subcontractors, in performance of this Agreement, are acting as independent contractors that are not employed by or under the control or supervision of FRANCHISEE. This Agreement shall not be construed as creating a partnership between the parties or any other form of legal association that would impose liability upon one party for the acts or failure to act of the other party.

10. MISCELLANEOUS. FranchiCzar and FRANCHISEE agree that: (a) this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs, and permitted assigns; (b) FranchiCzar may assign either this Agreement, or any of its rights, interests, or obligations hereunder or thereunder, and FRANCHISEE will not assign this Agreement, or delegate or sublicense any of its rights under this Agreement, without FranchiCzar's prior written consent (and any such assignment or transfer in violation of this provision will be void); (c) this Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Texas, and for the purpose of resolving conflicts related to or arising out of this Agreement, the parties expressly agree and consent to the exclusive jurisdiction of, and venue in, the federal and state courts in the Harris County, State of Texas; (d) that each individual signing below has the authority to enter into this Agreement; (e) that neither party shall have any authority to act on behalf of the other party, unless specifically authorized by such other party in writing; (f) the failure of either party to exercise any rights or insist in any instance upon strict performance by the other party of any provision in this Agreement shall not be deemed a waiver of any rights or a bar to the later exercise thereof under this Agreement; (g) if any provision, or portion thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions hereof or thereof shall not be affected; (h) each party herby knowingly and voluntarily waives its respective rights to trial by jury as to any claim, counterclaim, proceeding, cause of action or dispute arising out of or related to this Agreement; (i) in any action brought in law or in equity based on this Agreement, the prevailing party shall have its reasonable costs and attorney's fees paid by the non-prevailing party; (j) this Agreement and any executed by the parties, constitute the full understanding between FRANCHISEE and FranchiCzar with respect to the Software and the Services and supersedes all prior or contemporaneous agreements, whether oral or written, regarding the subject matter of this Agreement; and (k) the provisions of this Agreement, which, by their terms, require performance after the termination of this Agreement, or have application to events that may occur after the termination of this Agreement, shall survive the termination of this Agreement.

11. FORCE MAJEURE. Neither FRANCHISEE nor FranchiCzar shall be liable for its failure to perform hereunder due to contingencies beyond its reasonable control, including but not limited to wars, acts of

God, flood, windstorm, explosion, riots, sabotage, terrorism and fire (each a "**Force Majeure Event**"), provided that prompt notice of such delay is given to the other party and there is no "work around" or alternative plan such that the adverse impact of such Force Majeure Event can reasonably be avoided.

12. NOTICES. Any notice or request that is required or permitted under this Agreement shall be in writing and shall be deemed to have been given to FRANCHISEE if addressed to the Franchised Location, and if to FranchiCzar at 11200 Broadway St., Suite 2731, Pearland, Texas 77584, Attention: David Graham, and (a) if mailed by United States Registered or Certified Mail (postage prepaid, return receipt requested), upon receipt or refusal of receipt; or (b) if by a nationally recognized overnight delivery service, on the next business day after delivery. The parties shall endeavor to provide each other with simultaneous electronic ".pdf" copies of any notice sent hereunder via electronic mail.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, have executed this Agreement as of the date first above written.

FRANCHISEE	**FranchiCzar, LLC**
______________________	
Name: ______________________	Name: Bert Sintuphant
Signature: ______________________	Signature: ______________________
Title: ______________________	Title: Director of Operations

Date: ______________________

Date: ______________________

Name: ______________________

Signature:

____

Title: ______________________

Date: ______________________

Name:

____

Signature:

____

Title: ______________________

Date: ______________________

EXHIBIT I
FRANCHISEE QUESTIONNAIRE

FRANCHISE QUESTIONNAIRE

The purpose of this **FRANCHISE QUESTIONNAIRE** is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?

   Yes: ☐ **No:** ☐

2. Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

   Yes: ☐ **No:** ☐

3. Did you sign a Receipt for the FDD indicating the date you received it?

   Yes: ☐ **No:** ☐

4. Have you discussed the benefits and risks of purchasing a MyFit18 franchise (the "Center") with an attorney, accountant, or other professional advisor?

   Yes: ☐ **No:** ☐

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

   Yes: ☐ **No:** ☐

5. Do you understand that the success or failure of your Center will depend in large part upon your skills and abilities, competition from others, and other economic and business factors?

   Yes: ☐ **No:** ☐

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a MyFit18 franchise?

   Yes: ☐ **No:** ☐

7. Has any employee or other person speaking on our behalf made any statement (other than the information contained in Item 19 of the FDD), or any promise regarding the amount of money you may earn in operating a MyFit18 franchise?

   Yes: ☐ **No:** ☐

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a MyFit18 franchise?

Yes: ☐ **No:** ☐

9. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes: ☐ **No:** ☐

10. Have you paid any money to us concerning the purchase of your MyFit18 franchise prior to today?

Yes: ☐ **No:** ☐

11. If you answered "Yes" to any of Questions 6 to 10, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.

____

____

____

12. I signed the Franchise Agreement and Addendum (if any) on _______________, 20___, and acknowledge that no Franchise Agreement or Addendum is effective until signed and dated MyFit18, LLC.

Your responses to these questions are important to us and we will rely on them.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

By: ____________________________
Name: ____________________________

Date: ____________________________

EXHIBIT J
FINANCING DOCUMENTS

Master Equipment Finance Agreement

Agreement # 99999
Federal Tax # 41-1978873

DEBTOR INFORMATION

FULL LEGAL NAME OF DEBTOR	STREET ADDRESS		
Sample Customer, Inc	**456 Anyplace Ave**		
CITY	STATE	ZIP	PHONE
Sometown	**MN**	**12345**	**(888) 888-8888**

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE) **123 test , Alex, ME 56308**

SUPPLIER INFORMATION

NAME OF SUPPLIER	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Sample Vendor	**456 Anyplace Ave**	**Sometown**	**MN**	**12345**	**(888) 888-8888**

FUNDING AMOUNT: $XX,XXX.xx

COLLATERAL DESCRIPTION

QUANTITY	ITEM DESCRIPTION	SERIAL #
1	Sample Equipment Description	

LOAN TERM	MONTHLY PAYMENT AMOUNT	SECURITY DEPOSIT
Term in months **XX**	**XX** Payments of **$X,XXX.xx (w/o tax)** Plus applicable taxes	**$ X,XXX.xx**
Commencement Date:	Payment Period is monthly unless otherwise indicated	**ADVANCE PAYMENT** **$ X,XXX.xx**

TERMS OF EQUIPMENT FINANCE AGREEMENT (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement)

1. SECURITY INTEREST. Debtor hereby pledges to Creditor a security interest under the Uniform Commercial Code in the above Collateral (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor of its obligations hereunder and under any other present or future agreement with Creditor, Debtor shall insure that such security interest is and shall remain as the first lien security interest.

2. PAYMENTS. Debtor shall pay Creditor the above "Advance Payments" together with interest in the number of monthly installments in the amount indicated above. The initial installment payment shall be deemed due as of the date indicated above. The term of this Agreement will begin on the Commencement Date and will continue from the first day of each payment period shown beginning after the first monthly payment period. If there is a default, any payment under this Agreement may be applied to Debtor's obligation to Creditor in such order as Creditor chooses including advance payments. Debtor hereby agrees to pay to Creditor interim rent to the extent Debtor acquires possession of the equipment prior to the commencement date under the Agreement. The interim rent amount due shall be calculated by dividing the monthly payment by thirty (30) days and then multiplying said number by the total number of days the Collateral was delivered early. This amount shall be payable on the first monthly statement thereafter.

3. NO AGENCY. DEBTOR ACKNOWLEDGES THAT NO SUPPLIER OF AN ITEM OR INTERMEDIARY NOR ANY AGENT OF EITHER THEREOF IS AN AGENT OF CREDITOR AND FURTHER THAT NONE OF SUCH PARTIES IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS AGREEMENT. NO REPRESENTATION AS TO ANY MATTER BY ANY SUCH PARTY SHALL BIND CREDITOR OR AFFECT DEBTOR'S DUTY TO PAY THE INSTALLMENT PAYMENTS AND PERFORM ITS OTHER OBLIGATIONS HEREUNDER.

4. NONCANCELABLE AGREEMENT; PREPAYMENT; NO OFFSET. THIS AGREEMENT IS NON CANCELABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY PREPAY THIS INSTALLMENT PAYMENT ONLY IN ACCORDANCE HEREWITH. Provided no events of default have occurred, Creditor will allow for a simple interest payoff calculation on the remaining stream of payments if Debtor wishes to pay off early. ALL PAYMENTS HEREUNDER ARE TO BE MADE WITH OUT OFFSET. **(CONTINUE ON PAGE 2)**

This Agreement is effective only upon execution by an authorized officer of Creditor following Debtor's execution hereof and upon execution Creditor shall fund the Funding Amount.

CREDITOR ACCEPTANCE		**DEBTOR ACCEPTANCE**	
		If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written agreement.	
DATED:	**20**	**DATED:**	**20**
CREDITOR:	**GENEVA CAPITAL, LLC** 522 Broadway St, Ste 4 Alexandria, MN 56308	**DEBTOR:**	**Sample Customer, Inc.**
AUTHORIZED SIGNATURE:		**AUTHORIZED SIGNATURE:**	**X**
TITLE:		**TITLE:**	

PERSONAL GUARANTY: As additional inducement for us to enter into the Master Equipment Finance Agreement ("Agreement"), the undersigned ("You") absolutely and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantees that the Debtor will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Creditor may make other arrangements with the Debtor and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Creditor does not have to notify You if the Debtor is in default. If the Debtor defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Creditor to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Creditor's or Creditor's Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Creditor's state or Creditor's Assignee's principal place of business or any other court so chosen by Creditor. YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT. You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Creditor to proceed first against the Debtor before enforcing this Guaranty.

Jane S Doe
Personal Guarantor (Printed Name) — **Personal Guarantor Signature** — **DATE ONLY (DO NOT SIGN TITLE)**

John P Doe
Personal Guarantor (Printed Name) — **Personal Guarantor Signature** — **DATE ONLY (DO NOT SIGN TITLE)**

[redacted]

5. FINANCING. THIS AGREEMENT IS SOLELY A FINANCING AGREEMENT. CREDITOR HAS HAD NO INVOLVEMENT IN THE SELECTION OR PURCHASE OF AND HAS MADE AND HEREBY MAKES NO AGREEMENT, REPRESENTATION OR WARRANTY AS TO ANY ITEM OF COLLATERAL.

6. LOCATION; INSPECTION; USE. Debtor shall keep, or, as to an Item which is movable, permanently garage and not remove from the United States as appropriate, each Item of Collateral in Debtor's possession and control at the Collateral Location or at such other location to which such Item may have been moved with the prior written consent of Creditor. Upon request, Debtor shall advise Creditor as to the exact location of an item of Collateral. Creditor may inspect the Collateral during nonnal business hours and enter the premises where the Collateral may be located for such purposes. Each Item shall be used solely for commercial or business purposes and operated in a careful and proper manner and in compliance with all applicable governmental requirements, all requirements of insurance policies carried hereunder and all manufacturer's instructions and warranty requirements.

7. ALTERATIONS; SECURITY INTEREST COVERAGE. Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from its economic value or functional utility. All additions and improvements made to an Item shall be deemed accessions thereto, and shall not be removed if removal would impair the Item's economic value or function utility. Creditor's security interest shall cover all modifications, accessions, additions, to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without Creditor's prior written consent.

8. MAINTENANCE. Debtor shall maintain the Collateral in good repair, condition and working order. Debtor shall cause all repairs required to maintain the Collateral in such condition to be made promptly by qualified parties. Debtor will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverage typical as to property of the type involved and is issued by a competent servicing entity.

9. LOSS AND DAMAGE. In the event of loss, theft destruction, or requisition of or damage to an Item of Collateral from any cause Debtor shall give Creditor prompt notice thereof and shall thereafter place the Item in good repair, condition and working order; provided, however, that if such Item is determined by Creditor to be lost, stolen, destroyed or damaged beyond repair or is requisitioned or suffers a constructive total loss under an insurance policy carried hereunder Debtor shall pay Creditor the total of all unpaid payments for the full agreement term.

10. TITLING. If requested by Creditor, Debtor shall cause an Item of Collateral subject to title registration laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary retitling. Debtor shall cause all documents of title to be furnished to Creditor within ten (10) days of the date of any titling effected by Debtor.

11. TAXES. Debtor shall when due pay and make filings with respect to all taxes, fees, including registrations, fines, penalties and other governmental assessments based on the ownership or use of the Collateral and shall pay as directed by Creditor or reimburse Creditor for all other governmental assessments (including gross receipts taxes but exclusive of Federal and State taxes based on Creditor's net income) related to amounts due hereunder, the Collateral or otherwise related hereto. Filings with respect to such other assessments shall, at Creditor's option, be made by Creditor or by Debtor as directed by Creditor.

12. INSURANCE & INDEMNITY. Debtor shall maintain and provide Creditor evidence satisfactory to Creditor of the maintenance of all risk insurance against loss of or damage to the Collateral for not less than the Original Collateral Cost thereof naming Creditor as Loss Payee and Additional Insured. Such insurance shall be in a form and with companies approved by Creditor, shall provide at least thirty (30) days advance written notice to Creditor of material change or cancellation, shall provide full breach of warrantee protection, if appropriate, and shall provide that the coverage is "primary". In the event of an assignment of this agreement of which Debtor receives notice, Debtor shall cause such insurance to provide the same protection to the assignee as its interests may appear. The proceeds of such insurance, at the option of the Creditor, shall be applied towards: (a) the repair or replacement of the appropriate Item or Items of Collateral; (b) the total of all unpaid payments for the full agreement term or; (c) payment of any other accrued obligations of Debtor hereunder. Any excess of such proceeds remaining shall belong to Debtor. Debtor shall provide Creditor with public liability and property damage coverage applicable to the Collateral in such amounts and in such forms as Creditor shall reasonably require. Debtor shall indemnify, defend and hold Creditor harmless against any claim, action, liability or expense including attorneys' fees and court costs, incurred by Creditor related to this Agreement. While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including and strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim.

13. CREDITOR'S PAYMENT, DEFAULT, & REMEDIES. If Debtor fails to perform any of its obligations hereunder, Creditor may perform such obligation, and Debtor shall: (a) reimburse Creditor the cost of such performance and; (b) pay Creditor the service charge contemplated in paragraph 17. Any of the following constitutes an event of default hereunder: (a) Debtor's failure to pay any amount hereunder when due; (b) Debtor's default in performing any other obligation hereunder or under any agreement between Debtor and Creditor; (c) death or judicial declaration of competency of Debtor, if an individual; (d) the filing by or against Debtor of a petition under the Bankruptcy Code or under any other insolvency law or law providing for the relief of debtors including, without limitation, a petition for reorganization, agreement or extension; (e) the making of an assignment of a substantial portion of its assets be Debtor for the benefit of creditors, appointment of a receiver or trustee for Debtor or for any Debtor's assets, institution by or against Debtor of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of Debtor, Debtor's cessation of active business affairs or the making by Debtor of a transfer of a material portion of Debtor's assets or inventory not in the ordinary course of business; (f) the occurrence of an event described in (c), (d) or (e) as to a guarantor of Debtor's obligations hereunder; (g) any misrepresentation of a material fact in connection herewith by or on behalf of Debtor; (h) Debtor's default under a lease or agreement providing financial accommodation with a third party or (i) Creditor shall in good faith deem itself insecure as a result of a material adverse change in Debtor's financial condition or otherwise. Upon the occurrence of an event of default Creditor shall have the rights and remedies of a secured party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted including Articles 2A and 9) and in connection therewith Creditor may; (a) declare all amounts hereunder due and payable without notice or demand to Debtor due and payable with respect to any or all Items of Collateral without notice or demand to Debtor; (b) take possession of and, if deemed appropriate, render unusable any or all Items of Collateral, without demand or notice, wherever located, without any process of law and without liability for any damages occasioned by such taking of possession including damages to contents; (c) require Debtor to assemble any or all Items of Collateral at a location in reasonable proximity to their designated location hereunder; (d) upon notice to Debtor required by law, sell or otherwise dispose of any Items of Collateral, whether or not in Creditor's possession, in a commercially reasonable manner at public or private sale at any place designated in such notice and apply the net proceeds of such sale after deducting all costs of such sale, including, but not limited to, costs of transportation, repossession, storage, refurbishing, advertising and brokers fees, to the obligations of Debtor hereunder with Debtor remaining liable for any deficiency and with any excess being returned to Debtor or; (e) utilize any other remedy available under the Uniform Commercial Code or otherwise to Creditor, whether under common law or equity. All remedies are cumulative. Any sale may be adjourned by announcement at the time and place appointed for such sale without further published notice, and Creditor may if permitted by law bid and become the purchaser at any such sale. You waive all rights under Article 2A Sections 508-522.

14. LITIGATION EXPENSES. Debtor shall pay Creditor its cost and expenses not offset as provided in paragraph 13. Debtor shall pay all attorneys' fees, court costs and other legal expenses incurred by Creditor in the enforcement of Creditor's rights under this Agreement, regardless of whether legal proceedings are, in fact, instituted. It is agreed that attorneys' fees shall be the greater of (a) thirty-five percent (35%) of the total amount determined to be due, or (b) such actual attorneys' fees as are reasonable.

15. ASSIGNMENT. Without the prior written consent of Creditor, Debtor shall not sell, lease, create or allow any lien other than Creditor's security interest against an Item of Collateral or assign any of Debtor's obligations hereunder. Debtor's obligations are not assignable by operation of law. Consent to any of the foregoing applies only in the given instance. Creditor may assign, pledge or otherwise transfer any of its rights hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assent against an assignee any claim or defense which Debtor may have against Creditor. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the heirs, legatee's personal representatives, successors and assigns of the parties. **Debtor understands that this Agreement may be assigned to another entity by Creditor whose principal place of business may be in another state than Creditor.**

16. MARKINGS; PERSONAL PROPERTY. Debtor shall mark the Collateral or its location as requested by Creditor to indicate Creditor's security interest. As between the parties the Collateral shall at all times deemed personally. Debtor will provide Creditor any real property waivers requested by Creditor as to the real property where an Item of Collateral is or is to be located.

17. LATE PAYMENT. If Debtor fails to pay any amount to be paid hereunder, Debtor will pay Creditor: (a) a late charge of 15% of the payment which is late or $15.00, whichever is greater, or if less, the maximum charge allowed by law; (b) amounts Creditor pays others in connection with the collection of the payment and; (c) interest on such unpaid amount from the date due until paid at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law. No more than a single charge under subparagraph (a) will be due in any given month

18. ADDITIONAL DOCUMENTS. Debtor shall provide to Creditor such financing statements and similar documents as Creditor shall request. Debtor authorizes Creditor where permitted by law to make filings of such documents without Debtor's signature. Debtor further shall furnish Creditor: (a) a fiscal yearend financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days of each fiscal year end; (b) such other information and documents not specifically mentioned herein relative to this Agreement as Creditor may request. Debtor shall reimburse Creditor for all search and filing fees incurred by Creditor related hereto.

19. NOTICES. Notices, if provided at Creditor's sole discretion, shall be in writing and sufficient if mailed to the party involved, United States mail first class postage prepaid, at its respective address set forth on page 1 or at such other address as such party may provide in writing in accordance herewith. Notice so given shall be effective when mailed. Debtor shall promptly notify Creditor of any change in Debtor's address.

20. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN CREDITOR'S OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH CREDITOR'S OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. DEBTOR EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN CREDITOR'S STATE OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY CREDITOR. DEBTOR EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES DEBTOR MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.

21. **DEBTOR'S WARRANTIES.** DEBTOR CERTIFIES AND WARRANTS: (a) the financial and other information which Debtor has submitted, or will submit, to Creditor in connection with this agreement is, or shall be at time of submission, true and complete; (b) this agreement has been duly authorized by Debtor and upon execution by Debtor shall constitute the legal, valid and binding obligation, contract and agreement of Debtor enforceable against Debtor in accordance with its terms; and (c) each showing provided by Debtor in connection herewith may be fully relied upon by Creditor non-withstanding any technical deficiency in attestation or otherwise. The person executing this agreement on behalf of Debtor warrants that person's due authority to do so. Debtor further warrants that each item of collateral shall at the time Creditor funds the total advance be allowed by Debtor free and clear of liens or encumbrances and be in good condition and working order.

AUTHORIZED SIGNATURE ________ TITLE ________ DATE ________

MASTER EQUIPMENT LEASE AGREEMENT

Agreement # 99999
Federal Tax # 12-3456789

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER			STREET ADDRESS
Sample Customer, Inc. dba A Trade Name			**1234 Sample Address Rd**
CITY	STATE	ZIP	PHONE
Mail Town	**MN**	**50000**	**(999) 999-9999**

EQUIPMENT LOCATION: **123 Test Location Dr , Alex, ME 56308**

SUPPLIER INFORMATION

NAME OF SUPPLIER	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Sample Vendor	**456 Anyplace Ave**	**Sometown**	**MN**	**12345**	**(888) 888-8888**

EQUIPMENT DESCRIPTION **Equipment Cost $XX,XXX.xx**

QUANTITY	ITEM DESCRIPTION	SERIAL #
Equipment Quantity and Description inserted here		

RENTAL TERMS	RENTAL PAYMENT AMOUNT	SECURITY DEPOSIT
Term in months **XX**	**XX Payments of $X,XXX.xx (w/o tax)** Plus applicable taxes	**$ X,XXX.xx**
Rent Commencement Date:	Rental Payment Period is monthly unless otherwise indicated	**ADVANCE PAYMENT** **$ X,XXX.xx**

END OF LEASE TERMS: Provided the Lease has not terminated early and no event of default under the Lease has occurred, Customer shall have the following options at the end of the original term. 1. Purchase the equipment for $1.00 due in a single sum immediately upon expiration of Lease. 2. Return the Equipment to a location designated by Owner per paragraph 5 of this Agreement.

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.

MASTER TERMS AND CONDITIONS (This Lease Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement)

1. MASTER AGREEMENT: Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Master Equipment Lease Agreement from time to time signed by Customer and Owner (such property and any upgrades, replacements, repairs and additions referred to as "Equipment"). Customer agrees to all of the terms and conditions contained in this Master Equipment Lease Agreement and any supplement, which together are a complete statement of this Agreement ("Agreement"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance. The term of this Agreement will begin on the Rent Commencement Date and will continue from the first day of the following Rental Period for the number of consecutive months provided herein. Customer authorizes Owner to insert in this Agreement any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement were done for negotiation purposes only and are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. **(CONTINUE ON PAGE 2)**

OWNER ACCEPTANCE

DATED: ______________________ 20____

OWNER: GENEVA CAPITAL, LLC
522 Broadway St, Ste 4 Alexandria, MN 56308

AUTHORIZED SIGNATURE: ______________________

TITLE: ______________________

CUSTOMER ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED: ______________________ 20____

CUSTOMER: Sample Customer, Inc. dba A Trade Name

AUTHORIZED SIGNATURE: X ______________________

TITLE: ______________________

PERSONAL GUARANTY: As additional consideration for Owner to enter into this Master Equipment Lease Agreement ("Agreement"), the undersigned ("You") and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantee or that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner's or Its Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner's state or Its Assignee's principal place of business or any other court so chosen by Owner. YOU EXPRESSLY CONSENT TO THE GOVERNING LAW, VENUE PROVIDED HEREINAND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT. You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.

Jane S Doe

Personal Guarantor (Printed Name)	Personal Guarantor Signature	DATE ONLY (DO NOT SIGN TITLE)

John P Doe

Personal Guarantor (Printed Name)	Personal Guarantor Signature	DATE ONLY (DO NOT SIGN TITLE)

7/31/2017 11:37:07 AM

(Continued) Agreement # 99999

2. NON-CANCELABLE LEASE. This Agreement cannot be canceled or terminated except as expressly provided herein. **THIS AGREEMENT IS A NON-CANCELABLE NET LEASE, AND CUSTOMER'S OBLIGATION TO PAY ALL RENT AND OWNER'S RIGHTS IN AND TO ALL RENT ARE ABSOLUTE AND UNCONDITIONAL. CUSTOMER WILL NOT BE ENTITLED TO ANY ABATEMENT OR REDUCTION OF RENT OR ANY SET-OFF AGAINST RENT FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING OR CLAIMED TO ARISE OUT OF STRICT OR ABSOLUTE TORT LIABILITY OR OWNER'S NEGLIGENCE. THIS AGREEMENT WILL NOT TERMINATE AND CUSTOMER'S OBLIGATIONS WILL NOT BE AFFECTED BY ANY DEFECT IN, DAMAGE TO, OR LOSS OF POSSESSION OR USE OF ANY OR ALL OF THE EQUIPMENT. OWNER AND CUSTOMER INTEND THAT ALL RENT WILL CONTINUE TO BE PAYABLE IN ALL EVENTS IN THE MANNER AND AT THE TIMES SET FORTH IN THIS AGREEMENT UNLESS THE OBLIGATION TO DO SO SHALL HAVE BEEN TERMINATED PURSUANT TO THE EXPRESS TERMS OF THIS AGREEMENT.**

3. RENT. Customer agrees rent is paid in advance and will be payable in installments, each in the amount of the basic rent payment shown plus any applicable sales tax, use tax, property tax, equipment protection fees, and late charges. Subsequent installments will be payable on the first day of each rental payment period shown beginning after the rent commencement date. Owner will have the right to apply all sums, received from Customer, to any amounts due and owed to Owner under the terms of this Agreement. Customer agrees that Customer owes Owner additional pro rata rent from date of the receipt of Equipment until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow up to a five percent (5%) discount on the remaining stream of payments if Customer wishes to pay off early.

4. COMPUTER SOFTWARE: Notwithstanding any other terms and conditions of the Agreement, Customer agrees that as to software only: a) Customer has executed or will execute a separate software license agreement that Owner is not a party to and has no responsibilities whatsoever in regards to such license agreement or sensitive data stored on Equipment or in software, b) You have selected such software as provided in paragraph 6 of this Agreement.

5. OWNERSHIP AND LOCATION OF EQUIPMENT: Owner has purchased the Equipment at the direction of Customer. Owner has sole ownership and title to the Equipment. Customer will keep and use the Equipment only at Customer's address shown on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. At the end of the Agreement's term, unless Equipment is purchased, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. The Owner, reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the lease term. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense.

6. **WARRANTIES: OWNER MAKES NO WARRANTY THAT THE EQUIPMENT OR SOFTWARE IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT OR SOFTWARE IS MERCHANTABLE. CUSTOMER AGREES THAT CUSTOMER HAS SELECTED THE SUPPLIER AND EACH ITEM INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER DOES NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT OR SOFTWARE. THE SUPPLIER IS NOT AN AGENT OF OWNER AND NOTHING THE SUPPLIER STATES CAN AFFECT CUSTOMER'S OBLIGATION UNDER THIS AGREEMENT.**

7. LOSS OR DAMAGE: Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer will use the Equipment with due care and for the purpose for which it is intended. Customer will maintain the Equipment in good repair, condition and working order, and will furnish, at Customer's expense, all parts and services needed. All furnished parts will immediately become Owner's property and part of the Equipment of this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and Customer will pay to Owner the total of all unpaid rental payments for the full Agreement term, plus the estimated fair market value of the Equipment at the end of the originally scheduled term. Any insurance proceeds will be paid to Owner and applied, at Owner's option, against any loss or damage. Customer will be liable for the balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease.

8. COLLATERAL PROTECTION, LIABILITY INSURANCE & INDEMNITY. Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the Original Equipment Cost of $XX,XXX.xx until this Agreement is terminated. Customer also agrees to obtain a $500,000 comprehensive general liability insurance policy and to include Owner as an Additional Insured on the policy. Customer agrees to provide Owner with a certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner is not responsible for any loss or injuries caused by the installation, use, or removal of the Equipment. Customer agrees to hold Owner harmless and reimburse Owner for loss and to defend Owner against any claim for losses or injury caused by the Equipment. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPER PROPERTY & LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

9. TAXES AND FEES: Customer agrees to pay when due all taxes (including sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment on a monthly basis. Personal property tax is to be calculated as 1/12th of the estimated tax due and payable annually including any estimated administrative fees that may be charged by Owner. If Owner pays any of the above for Customer, Customer agrees to reimburse Owner and to pay Owner a charge for Owner's handling or collecting of any taxes on Customer's behalf. Customer also agrees to pay Owner any filing fees prescribed by the Uniform Commercial Code or other law or, at Owner's option, a non-filing protection fee. Customer further agrees to pay Owner an origination fee on the date the first rental payment is due, to cover the expense of originating the Agreement. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

10. ASSIGNMENT: **CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new Owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new Owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

11. DEFAULT AND REMEDIES: If Customer does not pay any rental payment or other sum due to Owner or Assignee when due or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, Customer will be in default. If any part of a payment is not received by owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or $15.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may retain Customer's security deposit, elect not to renew any or all time-out controls programmed within the Equipment, and at Owner's option, Owner can terminate, cancel, or accelerate this Agreement and require that Customer pay the remaining balance of this Agreement (discounted at 6%) and any purchase option due and/or return the Equipment to Owner. Owner may recover interest on the unpaid balance at the rate of 8% per annum. Owner may also use any of the remedies available to Owner under Article 2A of the Uniform Commercial Code as enacted in the State of Minnesota or the law of Its Assignee's principal place of business or exercise any other remedy whether in law or equity. If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner's reasonable attorney and collection fees and actual court costs. If Owner has to take possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner, upon any event of default, to obtain and use consumer credit reports as may be needed in the evaluation process to determine acceptable means of remedies and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent. Customer waives all rights under Article 2A Sections 508–522.

12. UCC FILINGS AND FINANCIAL STATEMENTS. Customer authorizes Owner to record a UCC-1 financing statement or similar instrument, and appoint Owner as Customer's attorney-in-fact to execute and deliver such instrument, in order to show Owner's secured interest in the Equipment. It is further agreed that Customer's rights and remedies are governed exclusively by this Agreement and Customer waives any and all other rights and remedies. Customer agrees to provide updated financial information (including financial statements and/or tax returns) upon Owner's request.

13. SECURITY DEPOSIT. The security deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 11, the security deposit will be refunded to Customer after the return of the equipment in accordance with paragraph 5 or the Agreement is paid in full.

14. **LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO THE GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.**

AUTHORIZED SIGNATURE ______________________ DATE ______________________

Revised: 5/3/10

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 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.

New York law requires us to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment of any consideration to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed 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 A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: David Graham, Theparid "Bert" Sintuphant, Marty Flanagan and Jeff Thames, MyFit18, LLC, 11200 Broadway Street, Suite 2731, Pearland, Texas 77584, (855) 446-4652; and ____.

The issuance date of this Disclosure Document is: October 4, 2019.

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

I have received a Disclosure Document dated October 4, 2019 that included the following Exhibits:

Exhibit A – State Administrators/Agents for Service of Process
Exhibit B – State Specific Addendum
Exhibit C – Franchise Agreement
Exhibit D – Area Development Agreement
Exhibit E – Non-Use And Non-Disclosure Agreement
Exhibit F – Financial Statements
Exhibit G – Table of Contents to Confidential Operations Manuals
Exhibit H – FranchiCzar Agreement
Exhibit I – Franchisee Questionnaire

______________ ______________________________

Date Prospective Franchisee

____

Printed Name

RECEIPT
(OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 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.

New York law requires us to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed 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 A.

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______________________ ______________________________

Date Prospective Franchisee

____

Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO MARTY FLANAGAN, MYFIT18, LLC, 11200 BROADWAY STREET, SUITE 2731, PEARLAND, TEXAS 77584.