

FRANCHISE DISCLOSURE DOCUMENT

OBB FRANCHISING LLC

An Oregon Limited Liability Company
7365 SW Barnes Road, Suite B
Portland, Oregon 97225

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ORGANIC BRONZE BAR

We are **OBB Franchising LLC**, an Oregon limited liability company. We offer franchises to qualified individuals to own and operate an **Organic Bronze Bar** franchise under the “**Organic Bronze Bar**®” names and logos. Collectively, these are called the “Service Marks.” Our franchisees offer studios that provide organic airbrush tanning - hand sprayed using a formula made with all natural and organic ingredients and no harmful chemicals - spa services; skin care products and other specialty items; with complementary products and services. These services and sales are offered to the public under the Service Marks (the “Method of Operation”).

“The total investment necessary to begin operation of an Organic Bronze Bar franchised business ranges from ~~\$106,600~~ ~~7,299~~ to ~~\$307~~ ~~11,900~~. This includes **\$32,000** that must be paid to the franchisor or its affiliate(s).

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.**

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 Danielle Van Auken at 7365 SW Barnes Road, Suite B, Portland, Oregon 97225 (503) 705-0347.

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

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

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

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How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Oregon. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Oregon than in your own state.
2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Spousal Liability**. In community property states, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin, franchisees must sign the franchise agreement or a guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The agreement or guaranty will place your and your spouse's marital and personal assets, perhaps even your house, at risk if your franchise fails.

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

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1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

We are **OBB Franchising LLC**. We do business under the names, marks and logos “**Organic Bronze Bar®**” We do not intend to do business under any other names. OBB Franchising LLC is called “us” or “we” in this Franchise Disclosure Document. The prospective purchaser of our franchise is called “you,” whether an individual, corporation, partnership or other legal entity.

We are an Oregon limited liability company that was formed on July 25, 2017. Our principal place of business is 7365 SW Barnes Road, Suite B, Portland, Oregon 97225. Our telephone number is (503) 705-0347. A list of state regulatory authorities and our agents for service of process are set forth in the exhibit that follows the Disclosure Document Cover Page, above.

We have four affiliates:

Our affiliate, Van Auken Enterprises, LLC, is an Oregon limited liability company formed on May 7, 2015. Its address is 7365 SW Barnes Road, Suite B, Portland, Oregon 97225 and its telephone number is (503) 705-0347.

Our affiliate, OBB Organics, LLC is an Oregon limited liability company formed on May 7, 2015. Its address is 7365 SW Barnes Road, Suite B, Portland, Oregon 97225 and its telephone number is (503) 705-0347.

Our affiliate, Organic Bronze Bar PDX, LLC is an Oregon limited liability company formed on October 24, 2012. Its address is 7365 SW Barnes Road, Suite B, Portland, Oregon 97225 and its telephone number is (503) 222-0244. Organic Bronze Bar PDX, LLC operates a business of the type described in this disclosure document.

Our affiliate, Organic Bronze Bar Forest Heights, LLC is an Oregon limited liability company formed on November 18, 2011. Its address is 7365 SW Barnes Rd, Portland, Oregon 97225 and its telephone number is (503) 297-0200. Organic Bronze Bar Forest Heights, LLC operates a business of the type described in this disclosure document.

Neither we nor our affiliates have offered franchises in any other line of business. Neither we nor our affiliate engage in any business activities or any other line of business other than as described in this Disclosure Document. We have no parent or predecessors or other affiliates.

We license our franchisees in specified territories to own and operate a franchise under the “**Organic Bronze Bar®**” names and related logos and commercial symbols (collectively the “Service Marks”). Our Organic Bronze Bar studios offer a variety of services and choices for one of the nation’s first airbrush tan made with all natural, paraben-free and organic services. Franchisees may also offer facials, waxing services, skin care products and other branded retail products. Miscellaneous items may also be permitted for retail sale as approved by us. Collectively this is called (the “Method of Operation”).

We retain the right to own or operate Organic Bronze Bar franchises.

We have not operated any businesses of the type being offered under this Disclosure Document.

We have created the Organic Bronze Bar franchise program that includes use and promotion of the Service Marks, interior and exterior trade-dress, standards, specifications and procedures for quality, efficient service and uniformity of products and services, procedures, and computer software for equipment and inventory and management control, training, advertising, promotional programs and ongoing assistance. Collectively, these are part of the Method of Operation.

The typical location for an Organic Bronze Bar salon is a space in a retail center and has a size of approximately 900 to 1500 square feet.

The market for UV tanning salons is developed and highly competitive. The market for air brush tanning is new and developing rapidly. There are many tanning spas and salons that will compete for your business. Organic Bronze Bar studios compete with other businesses offering similar products and services such as day studios, resorts, and health clubs. Some of these businesses operate through franchises. Other beauty treatment and health related services and beauty treatment supply outlets also are sources of indirect competition.

The details of state, county and local laws and regulations vary from place to place. It is your responsibility to research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city, or town.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements. You are not permitted to collect, store, transfer, etc., any unnecessary customer information. Additional information can be found at <https://www.pcisecuritystandards.org/>.

In some states, there are legal regulations that relate specifically to our industry apart from those that apply to all businesses. These may include the following:

Relevant occupational and state licenses are required in most states.

Federal, state and local occupational health and safety regulations, licensing requirements, health permits as well as laws and regulations that apply to tanning and other businesses generally and those relating to state cosmetology licensing requirements.

HIPPA regulations on the privacy of customer files and the issuing and storing customer cards, customers under the age of 18 may require parent/guardian signature approval, you may be required to keep maintenance records for equipment and operator training logs, and similar restrictions or requirements. Some states have 72-hour consumer cancellation/refund policies (or even more stringent refund of purchase policies) and closely regulate consumer membership payment plans. In addition, you may encounter regulations regarding the offering of programs, as well as the hiring of personal trainers. You should consult with your attorney, and local and state agencies and authorities, to determine if there are any specific regulations you must comply with in your state. You should consider the effects on you and the cost of compliance. These requirements can affect a broad scope of your operations, including location selection, facility standards, and hiring of personnel, among other things.

There are legal regulations that apply to all businesses generally. These include all of the laws, codes and regulations (referred to below generally as "laws") normally applicable to retail businesses. These include: federal, state, and in most instances, city, county, parish, borough, municipality or other local laws.

*Examples of federal laws are tax, wage and hour, occupational health and safety, equal employment opportunity, hazardous materials, communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act.

*State laws may cover the same topics as federal laws. Examples of state laws include health certificates, tax, environmental, occupational health and safety, fire, health, and building and construction laws.

*Local laws may cover the same topics as federal and state laws. Examples of local laws include tax, health and sanitation, building codes, fire codes, and waste disposal.

The foregoing are examples of some, but not all of the laws that may be applicable to the franchised business. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you. You should research these requirements before you invest.

We intend to produce and sell innovative advertising and sales promotion materials. We attempt to negotiate group discount rates for the benefit of our franchisees for wholesale supplies, merchandise, and services.

We began to offer franchises in August 2017. We have not offered franchises in other lines of business.

This Disclosure Document contains a summary of some material provisions of the Franchise Agreement. However, the Franchise Agreement itself expresses and governs the actual legal relationship between us and you. We are willing to negotiate the terms of these agreements with our shareholders and management employees, existing franchise owners, multiple franchise purchasers and their immediate family members.

2. BUSINESS EXPERIENCE

Founder, President and Manager: Danielle Van Auken

Danielle Van Auken has been our President since we were formed on July 25, 2017 and is the founder of our concept. She is also the President of our affiliate, OBB Organics, LLC and has been since it was formed on May 7, 2015. Ms. Van Auken is President of our affiliate, Van Auken Enterprises, LLC in Portland, Oregon and has been since its formation on May 7, 2015. She is President of our affiliate, Organic Bronze Bar PDX, LLC in Portland, Oregon and has been since its formation on October 24, 2012. She is also President of our affiliate, Organic Bronze Bar Forest Heights, LLC in Portland, Oregon and has been since its formation on November 18, 2011. From 2006 to 2015, Danielle owned and operated Portland Spa & Boutique, a high-end luxury wellness day spa in Portland, Oregon.

Vice President and Member: Stacie Anne Hartman

Stacie Anne Hartman has been our Vice President since February 15, 2018. She has owned and operated the Bridgeport Organic Bronze Bar franchise in Tigard Oregon since February 2016 (opened in September 2016). Shew has been an Account Executive for CMG Financial in Portland, Oregon since May 2012 and President of the Portland Chapter of the Oregon Mortgage Association since 2012.

3.

LITIGATION

Washington Consent Order Number - S-17-2254-17-CO01. On November 6, 2017, our affiliate OBB Organics, LLC and our President, Danielle Van Auken (collectively "Affiliate"), entered into a Consent Order with the State of Washington Department of Financial Institutions Securities Division (the "Order"). The Order stated that Affiliate offered and sold franchises in violation of the Washington Franchise Investment Protection Act (the "Act") by: (i) failing to register the franchise offering with the Washington Securities Administrator before offering and selling franchises in the state of Washington; (ii) failing to provide franchisees with a franchise disclosure document prior to the sale of franchises; and (iii) failing to provide prospective franchisees the basis and assumption underlying the financial performance representations made in a spreadsheet titled "Organic Bronze Bar ProForma Income Statement." Affiliate neither admitted nor denied the findings of fact nor the conclusions of law contained in the Order. Affiliate agreed to cease and desist from offering or selling franchises in violation of the Act and to pay investigative costs of \$3,125 to the Washington Securities Division.

Except as set forth above, no litigation is required to be disclosed in this Item.

4.

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

5.

INITIAL FEES

You will be required to pay an Initial Franchise Fee. It is **\$32,000**. It is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement and the opening of the Studio and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others. Contemporaneously with the execution of the Franchise Agreement, you must pay us the Initial Franchise Fee.

In consideration for the reduced costs for sales and training, if you purchase additional franchises, the Initial Franchise Fee is reduced to **\$20,000**.

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to certain selected top producing franchisees (such as for an award at a franchise system convention) and to our owners and employees and their family members with reduced or no initial fees.

Initial Franchise Fee is not refundable in whole or in part under any circumstances other than those listed above.

6.
OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks
Royalty ²	8% of Gross Revenues starting on the 91 st day of operations.	Monthly	Gross Revenues is defined in Note 2 below. Royalties are paid to us. This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet.
Brand Fund Contribution ³	Up to 1% of Gross Revenues	Monthly	This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet.
Local Advertising Marketing and Promotional Expenditures ⁴	3% of Gross Revenues	Monthly - as incurred by you	Advertising, Marketing and Promotional expenditures are paid to third parties.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Interest is paid to us from the date of nonpayment or underpayment.
Late Fee	\$10 per day	As Incurred	The late fee is paid to us. You

Name of Fee¹	Amount	<u>Due Date</u>	<u>Remarks</u>
			will not be compelled to pay late payment penalty in an amount greater than the maximum allowed by applicable law.
Product and Service Purchases	See Item 8	See Item 8	You must buy products and services of which we must approve, from us, our affiliate, and designated and approved vendors whose items meet our standards and specifications. We may permit you to buy from other suppliers to the industry.
Audit	Cost of inspection or audit	15 days after billing	Due if you do not give us reports, supporting records or other required information, or if you understate required Continuing Support and Royalty payments or Fund contributions by more than 2%.
Transfer Fee ⁵	\$10,000	Upon Transfer.	The transfer fee is paid to us. It is paid when you sell your franchise according to our then current Transfer Fee schedule. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. In addition, you will pay us 10% of the total transfer price if we obtain the transferee for you.
Site Evaluation Fee ⁶	Costs and expenses	As Incurred	The Site Evaluation Fee is paid to us.
Relocation Fee ⁷	Costs and expenses	As Incurred	The Relocation Fee is paid to us.
Testing or Supplier Approval Fee	Costs and expenses of inspection, evaluation and/or testing and other professional analysis	As Incurred	Testing or Supplier Approval fees are paid to us.
Public Offering Fee	We do not permit our franchisees to form public corporations	Not Applicable	
Annual Fee for Public Companies	We do not permit our franchisees to form public corporations	Not Applicable	
Accounting Fee ⁸	Costs and expenses	As Incurred	The Accounting Fee is paid to us.

Name of Fee¹	Amount	Due Date	Remarks
Additional training ⁹	Currently \$300 per day per person plus expenses incurred	As Incurred	The fee for additional training is paid to us. We may charge you for training newly-hired personnel; for refresher training courses; for the annual convention; and for additional or special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging and meal expenses.
Legal fees and expenses	All costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As Incurred	Legal fees and expenses are paid to us.
Renewal Fee ¹⁰	You will reimburse us for our out-of-pocket expenses incurred related to renewal of your franchise.	Upon signing a renewal agreement	These costs are paid to us. In addition, you must pay for any supplemental training we then require of renewing franchisees.
Indemnification ¹¹	The amount of any claim, liability or loss we incur from your Franchised Business	As Incurred	Costs for Indemnification are paid to us.
Reimbursement of Costs and Expenses ¹²	Costs and expenses	As Incurred	Reimbursement of costs and expenses are paid to us.
Confidential Operations Manual Replacement Fee ¹³	Currently \$250	As Incurred	The Confidential Operations Manual Replacement Fee is paid to us.
Post-Termination or Post-Expiration Expenses ¹⁴	Costs and expenses.	As Incurred	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Market Introduction Program	\$3,000-\$5,000	Thirty days prior to opening through thirty days after opening	Expenses for the Market Introduction Program are paid to third parties (see Note 14 in Item 7).

Name of Fee¹	Amount	Due Date	Remarks
Management Fees	10% of Gross Revenues plus costs and expenses	As Incurred	Management Fees are paid to us if we assume management of your franchise. Due when we (or a third party) manage your store after your managing owner's death or disability, or after your default or abandonment.
POS Software Fee ¹⁵	Currently \$195 per month	Monthly	The POS Software Fee is paid to us or our supplier.
Cross-Regional Fees	Value of employee time, supplies, and products used	Monthly	You will receive a Cross-Regional report monthly that shows fees to be paid to partnering franchisees in a timely manner. When one location's member receives a service at another location, the owners are to pay each other a cross-regional fee to compensate each other for employee pay, supplies, and products used. These fees described in the Operations Manual and are subject to change when costs increase.

Notes

- 1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.
- 2) Royalty payments are paid monthly unless we designate an alternative period. Each royalty payment is calculated based on the Gross Revenues of the Franchised Business commencing on the 91st day of the operations. Your royalty payment will be the total of 8% of your Gross Revenues calculated based on the Gross Revenues of the Franchised Business for the preceding month. All fees are payable to us by an electronic funds transfer ("EFT") from your designated bank account on the date due, or such other method as we shall designate.

Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

- 3) Currently, you to contribute up to 1% of your Gross Revenues to the Brand Fund ("Brand Fund Contribution"). Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us.

- 4) We require that you spend a minimum of 3% of your monthly Gross Revenues on local advertising, marketing and promotional programs ("Local Advertising"). Payment for the first month will be an estimate. Any discrepancy between the amount paid for the first month and the amount equal to 3% of Gross Revenues for the first month will be credited against or added to the amount due for the second month. There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine.

In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web-based platforms such as Facebook, Myspace, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval which, as of the date of this disclosure document, we are unlikely to grant. If we do consent, your expenditures toward Social Media Platforms and Social Media Materials will not count towards your required Local Advertising expenditures.

- 5) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee of \$10,000.
- 6) We may conduct on-site evaluations of any proposed site for the Franchised Business. If we conduct an evaluation, you will be required to pay our costs and expenses incurred.
- 7) If you relocate your Franchised Business, you will be required to pay us any costs and expenses we incur in assisting you to relocate your Franchised Business including, but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.
- 8) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Revenues in any report by 2% or less, then you must pay within 15 days of written notice, the underreported amount plus interest and late fees. If it is determined that you underestimated your Gross Revenues in any report by more than 2%, then you must pay within 15 days of written notice, the underreported amount plus interest and late fees along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees and attorneys' fees. If you fail to provide any reports, supporting records or other information as required, you must pay within 15 days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements. We have the right to require you to establish a bank sweep, draft or other similar type of electronic funds transfer ("EFT") account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due us. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report gross sales, we may sweep an estimated amount of fees due to us. You will be responsible for paying us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge. We also have the right to direct the merchant provider to withhold all payments due to us from your account/transactions.

- 9) Additional training may be provided to you and your employees. We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you for such training. Additional training will be charged at our then-current rate for additional training, which as of the date of this disclosure document is \$300 per person per day. You are responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.
- 10) You may elect to enter into successive 5-year renewal franchise agreements on the terms we are then offering to new and renewing franchisees.
- 11) In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your franchised business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.
- 12) If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.
- 13) If your copy of the Confidential Operations Manual is lost, destroyed or significantly damaged, you will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy.
- 14) Upon expiration or termination of your Franchise Agreement, we may elect to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.
- 15) This monthly license and support fee is paid to our Supplier (currently MINDBODY, Inc.) in connection with the use of the required POS system software.

7. ESTIMATED INITIAL INVESTMENT

<u>YOUR ESTIMATED INITIAL INVESTMENT</u>				
<u>Type of Expenditure</u>	<u>Estimated Amount</u> Low – High	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is Made</u>
Initial Franchise Fee ¹	\$32,000 (\$20,000 for additional franchises you purchase)	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction and Leasehold Improvements ²	\$10,000 - \$100,000	As incurred	Before opening	Contractor/Third-party providers
Furniture, Fixtures and Equipment ³	\$5,700-\$30,000	Lump sum	Before opening	Third-party providers
Signage (interior and exterior) ⁴	\$6,000-\$12,000	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System ⁵	\$4001,000 -\$15,000	Lump sum	Before opening	Third-party providers
Opening Inventory ⁶	\$6,000-\$10,000	As incurred	Before opening	Third-party providers
Rent Deposits ⁷	\$5,000-\$20,000	As incurred	Before opening	Landlord
Utility Deposits ⁸	\$0-\$900	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums ⁹	\$0-\$800	As arranged	Before opening	Insurance company
Pre-opening Travel Expense ¹⁰	\$0-\$8,000	As incurred	Before opening	Airline, hotel, restaurants
Pre-opening Labor ¹¹	\$6,000 - \$8,000	As incurred	Before opening and 3 months after	Employees
Professional Fees ¹²	\$500 - \$7,500	As arranged	Before opening	Attorneys, accountants
Architect & Engineer Fees ¹³	\$500-\$8,000	As incurred	Before opening	Architect, Engineer
Market Introduction Program ¹⁴	\$1,000 - \$5,000	As incurred	Thirty days before opening through thirty days after opening	Third-party providers
Business Permits and Licenses ¹⁵	\$2,000-\$4,000	As incurred	Before opening	Licensing Authorities
Stationery and Office Supplies ¹⁶	\$500-\$700	As incurred	Before opening	Third-party providers
Additional funds – 3 Months ¹⁷	\$40,000-\$60,000	As incurred	After opening	Various
Total¹⁸	\$106,600 7,200 -\$307 11 ,900			

Notes

- 1) The initial franchise fee is the same for all similarly situated franchisees. Neither we nor an affiliate finances any part of the initial investment. See Item 10 for more information.
- 2) This estimate is for the costs for the development of a Franchised Business with between 1,200 and 1,500 square feet of space. We have not built a prototype using this precise configuration but have based our estimates on the historical experience of our founder, affiliates and their licensees in developing affiliated locations. The difference in the low and the high improvement cost estimates is due to the difference in size and condition of the location. The low end represents smaller locations which have HVAC (heating, ventilation, air conditioning), in place that are suitable to the requirements of this concept. The high estimate is applicable to a site which has been obtained in the “vanilla box” stage, which refers to the interior condition of either a new or existing building in which the improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting and a concrete slab floor. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) and do not include any financial contributions by a landlord. The figures listed here are indicative of standard commercial pricing within the Portland, Oregon metropolitan area. As in the development of any business locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.
- 3) These figures represent the purchase of the necessary equipment, furniture and fixtures, including spray equipment, from suppliers, necessary to operate your Franchised Business. The lower cost is indicative of the selection of standardized and value-priced equipment. The higher cost is for a selection of standard equipment of a more prestigious brand as well as some custom manufactured equipment. The costs of the furniture and fixtures may differ depending on the material quality and on other factors. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart. The figures listed here are indicative of standard commercial pricing within the Portland, Oregon metropolitan area.
- 4) This estimate is for the cost to produce illuminated wall signage to be mounted to the outside of the building as well as all interior signage such as dimensional applications of the logo. Additionally, these figures include various other elements of brand identification within the location such as wall graphics. The low estimate is for standard construction and installation of signage and image materials at a smaller location, while the high estimate applies to some custom fabrication of signage for a larger location, such as individually crafted dimensional lettering of the brand logo. An insert on any pylon sign will additionally raise the cost.
- 5) The Point of Sales (“POS”) system is the equipment that tracks the sales of your Franchised Business. This amount includes the costs of the first three months of software support. The difference between the low and the high estimate is determined by the vendor for the equipment purchased See Item 6 for more information.
- 6) This estimate represents a 3-month supply of tanning solution, lotions and other materials as well as inventory for resale.
- 7) This estimate represents the costs of finding a site for your franchise (including reimbursement of our

out-of-pocket cost for on-site evaluations of sites you propose to lease) and a 4-month deposit of rent. The low estimate indicates a 1200 square foot facility in a suburban location while the high estimate indicates a location with 1500 square feet in a metropolitan location. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

- 8) A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.
- 9) This estimate is for the cost of insurance for a 3-month period for the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. As indicated, the numbers contained in this Item 7 represent the estimated costs for three (3) months of insurance. Some insurance carriers may require the first year of coverage to be paid in full before opening.
- 10) This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), plus a manager to attend the initial training program held in Portland, Oregon. We do not charge tuition for training up to 2 people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is approximately ten days.
- 11) This estimate is for the cost of wages for your employees for the period preceding the opening of your Franchised Business and the three-month period following opening. The low and high-cost estimate range has been determined by a calculation of training one to two people over a three-day period.
- 12) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business. The estimated rates in this chart are based upon professional fees in Portland, Oregon.
- 13) These costs are associated with the layout and design services provided by a licensed architect, as well as the subsequent production of blueprints and their registration with local municipalities. The low estimate is in consideration of a site with 1200 square feet based on architect fees for existing blueprints preapproved by the municipality while the high estimate is for a site with 1500 square feet, obtained in a vanilla box stage as described in note 2 above. You are responsible for engaging the services of a professional, licensed architect to produce the blueprint drawings for your location. Prior to submitting plans to the local municipality for review and approval, we will review and approve them for conformity to our requirements and could potentially return them to you or your architect for modification. Any modifications may require additional hours to be logged by your architect or necessitate further services of an engineer. Such services will likely push the cost estimates beyond what is indicated in the chart. The amount shown on the chart is an estimate for architectural fees and your exact costs will depend on the architect you select and requirements of the municipality in which they are to be registered.
- 14) Franchisees are required to spend \$3,000 - \$5,000 for their Market Introduction Program. The costs will depend on the location of their Salon. This is a program of presenting their Salon to the community through execution of a plan of scheduled advertising, marketing and promotional

activities. The Market Introduction Program will occur between thirty (30) days prior to opening through thirty (30) days after the opening of your Franchised Business, as determined by us.

- 15) You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. The figures represented here reflect the range of expenditures for licenses and permits to open a tanning salon in Portland, Oregon.
- 16) This figure is primarily for producing a start-up order of stationery and business cards bearing the Principal Trademarks and a supply of office materials.
- 17) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first 3 months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll taxes (including payroll to cover the pre-opening training period for some of your staff), Royalties (as described in this disclosure document, if any), Brand Fund Contributions (if any), professional fees, including accounting fees, additional advertising, marketing and/or promotional activities, health and workers' compensation insurance, rent, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. These items are by no means all-inclusive of the extent of the expense categorization.

This total amount is based upon the historical experience of our founder, affiliates and their licensees in developing, opening and owning Organic Bronze Bar® businesses and information we have obtained relating to the construction of a location between 1200 and 1500 square feet. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

You will have the other usual expenses involved in establishing a business. These expenses vary greatly. They include, but are not limited to, attorney fees, license fees, deposits, sales tax bonds (where required), pre-opening advertising and recruiting expenses, employee wages, utility costs, supply expenses, utility costs, insurance premiums, incorporation costs, business licenses and permits and office supplies.

Any fees paid to us are not refundable. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you.

We do not finance any of these initial expenses. The availability and terms of financing will depend on various factors including the availability of financing generally, your credit worthiness, security available to You, lending institution policies concerning the type of business to be operated by you, and other comparable elements.

We require no other payments.

This table estimates your initial startup expenses. These figures represent our estimates based upon our experience and the experience of our officers. We do not guarantee that you will not have additional and different expenses than those we have identified in this table. This estimates your expenses during the first three months of operation.

You should review these estimates with your business advisors before you decide to purchase the franchise or to make any expenditure.

8. RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

It is essential to the proper marketing of Organic Bronze Bar products and to the preservation and promotion of our reputation and acceptance by the public that uniform standards of quality and appearance are maintained; that uniform quantities, volumes, and types of beauty treatment products are offered; and that cartons and other paper goods displaying our commercial symbols are of uniform size, quality, texture, strength, finish, and appearance. Therefore, you will at all times dispense, sell or offer for sale to the public only equipment, general retail products, printed program materials, and other services and products that meet the specifications and standards we designate in writing. You are required to obtain all products, equipment and beauty treatment materials from us or sources we approve and according to our specifications. We believe that we and these other suppliers, products, equipment and services give the Organic Bronze Bar system strong consumer appeal and a definite competitive advantage over other beauty treatment related businesses. We may establish an Organic Bronze Bar ordering website for equipment, retail products, promotional products and some other materials, equipment and supplies you will need for your franchise operations. We or our affiliate may be an approved supplier or the only approved supplier for certain products or services and are currently the only approved supplier of our proprietary equipment.

We will lend to you a copy or make available to you through our secure online site of Organic Bronze Bar Operations Manual at the mandatory training course described in Section 11, below. From time to time, we may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it; its requirements are incorporated as part of the Franchise Agreement. You will carry out immediately all changes at your cost, unless we otherwise specify. We reasonably may designate your business format and sales and distribution guidelines, as specified in the Operations Manual. The Operations Manual is confidential and our exclusive property.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers, or approved suppliers for goods, services, or real estate related to your franchise business.

The Operations Manual contains standards, health and safety requirements, specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, art work, distribution techniques, advertising layouts, product specifications, operation requirements, public relations guidelines and other rules that we may prescribe.

All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will upon request provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of the Organic Bronze Bar system. Supply chain issues can cause delays in the delivery of product orders and specific materials. You should anticipate delays and to place orders proactively to keep your supplies well stocked.

With advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established. These specifications and

standards will relate to quality, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver Organic Bronze Bar products to you but to no other person. Our confidential beauty treatment standards, requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose.

We or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

Currently, neither we, nor our affiliates, nor our officers are approved suppliers and do not supply any products, equipment, or other items to our franchisees and do not have any ownership interests in any other suppliers. In the future, we or companies affiliated with us may derive income from providing Organic Bronze Bar products and equipment to you. This income would result from the difference in the amount we pay for the products and the amount we charge you or your customers for them. We estimate that approximately 0 percent of our total revenues and 0 percent of our affiliates total revenues will be from products purchased from us, or entities affiliated with us, by our franchisees or their customers. In fiscal year **2023**, neither we nor our affiliates derived revenue from products purchased from us by our franchisees. We estimate that purchases from recommended or approved suppliers will be from **60 to 90** percent of the total purchases you make to establish and from **60 to 90** percent of the total purchases you make to operate your franchise excluding rent and overhead. We may receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. We or our affiliate may also derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates, and monies paid by approved suppliers based on your required purchases or leases. We will use them for programs that benefit all franchisees, such as conventions and training programs; or return them at reasonable times to all franchisees, pro rata, based upon the volume of related business. In fiscal year **2023**, we received \$0 in such payments.

Products purchased directly from us or our affiliate may carry a manufacturer's warranty. You must look directly to the manufacturer to replace defective products. For items purchased through third parties, you must work directly with your supplier or manufacturer of such items regarding warranties, defective products, training and support.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers, or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

You are required to purchase a computer and point of sale system that will integrate and work to run our beauty treatment software and related online linkages, pursuant to the system requirements and configurations outlined in the Operations Manual. Our franchise auditors may inspect your franchise business operations and your daily sales results may be audited daily by us. You are required to sell all services and packages as outlined in the Operations Manual and subject to our approved pricing structures. Currently, MINDBODY, Inc. is the sole supplier for our required point of sale system.

We have specific warranty and customer service requirements. You must honor our 48-hour cancellation/refund policy that is outlined in the Operations Manual (or a more stringent policy if required by your local or state laws). If a customer requests (via certified mail) a refund of purchase within 72- hours of the purchase date, you must refund the purchase amount or allow them to exchange type of package purchased (or follow a more stringent policy if required by your local or state laws).

We attempt to negotiate volume purchase arrangements with suppliers or purchasing cooperatives for the benefit of our franchises, including volume pricing on retail products, products, and equipment.

You may not sell or dispense any products or services or activities or equipment other than those specifically recognized and approved by us as part of the **Organic Bronze Bar** system without our prior written approval. You may not install or use any vending machines, juke boxes, games, or musical devices in your franchise without our prior written approval.

Insurance

You must obtain and maintain at your own expense insurance policies with insurers satisfactory to us covering the items specified in the Franchise Agreement, including workers' compensation, general public liability (including products and injury) and property damage insurance. We do not represent or warrant that these coverages are adequate. You should consult with your insurance advisors as to any additional types of coverage or higher limits they may recommend.

General Liability Insurance	\$1000,000	Per Occurrence
	\$1,000,000	In the Aggregate
Business Property Insurance	\$75,000	Per Month
Flood Insurance	To cover building and property	Not less than Per Occurrence
Wind Insurance	To cover building and property	Not less than Per Occurrence
Business Income/Extra Expense	\$12,500	Per Month
Electronic Media and Records	\$10,000	Per Occurrence
Money and Securities	\$10,000 inside \$ 2,500 outside	Per Occurrence
Valuable Papers and Records	\$25,000	Per Occurrence
Accounts Receivable	\$25,000	Per Occurrence
Workmen's Compensation	As required by law	Per Employee
Comprehensive Crime and Employee Dishonesty Insurance	\$10,000	Per Occurrence
Cyber Security Insurance	\$100,000	In Aggregate
Optional: Business Interruption Insurance	\$50,000	Not less than Per Month

9. FRANCHISEE'S OBLIGATIONS

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

<u>OBLIGATION</u>	<u>SECTION IN AGREEMENT</u>	<u>DISCLOSURE DOCUMENT ITEM</u>
Site selection and acquisition or lease	Sections 1.1, 1.2, 1.3, 1.5 & 4.3	Items 6 & 12
Pre-opening purchases and leases	Sections 2, 4.1, 5.1 & 8.2	Items 7 & 8
Site development and other pre-opening requirements	Sections 1.4, 2.8, 3.1, 4.1, 4.2 & 5.1	Items 7, 8 & 12
Initial and ongoing training	Sections 3.1 & 3.2	Items 6 & 11
Opening	Sections 2, 4 & 5.1	Item 11
Fees	Sections 2, 3.2 & 7.1	Items 5, 6 & 17
Compliance with standards & policies/ Operations Manual	Sections 5 & 6.3	Items 11 & 17
Trademarks and proprietary information	Recitals & Sections 1.1, 5.1, 5.3, 5.4, 5.5, 5.7, 5.8, 6.5, 9.2 & 9.10; Abandonment of Name form	Items 13, 14 & 17
Restrictions on products and services offered	Sections 1.2, 1.6, 1.7, 5.1, 5.2, 5.5, 5.7, 5.8, 5.10, 6.3, 6.5	Items 8, 12, 13, 16 & 17
Warranty and customer service requirements	Sections 5.1, 5.2, 5.5 & 5.10	Item 11
Territorial development and sales quotas	Section 1, 5.1 & 5.5	Items 7 & 12

<u>OBLIGATION</u>	<u>SECTION IN AGREEMENT</u>	<u>DISCLOSURE DOCUMENT ITEM</u>
Ongoing product & service purchases	Sections 2, 5.1, 5.2, 5.5, 5.9, 5.10 & 8.2	Items 7 & 8
Maintenance, appearance and remodeling requirements	Sections 1.4, 1.5, 5.1, 5.2, 5.5, 5.8, 6.1 & 6.5	Items 7, 11 & 17
Insurance	Section 8.2	Item 7
Advertising	Sections 1.6, 2.3, 2.4, 2.8, 5.1, 5.2, 5.3, 5.4, 5.5, 5.7 & 6.5	Items 9 & 11
Indemnification	Sections 6.7 & 8.1	Item 6
Owner's participation/ management/ staffing	Sections 1.7, 2.5, 2.11, 3, 4.1, 5, 6.5, 6.7, 6.8, 7, 9.3, 9.6, 9.9, 9.12 & 9.13	Items 11, 15 & 17
Records and reports	Sections 2.6, 5.1, 5.2 & 5.5	Items 6, 11 & 17
Inspections and audits	Sections 2.7, 5.1, 5.2 & 5.5	Items 6, 11 & 17
Transfer	Section 7	Item 17
Renewal	Section 6.1	Item 17
Post-termination obligations	Sections 5.7, 5.8, 6.5, 6.6, 6.8, 9.6, 9.9, 9.10, 9.12	Item 17
Non-competition covenants	Sections 5.7, 5.8, 6.5, 6.8, 9.9, 9.10, 9.12	Item 17
Dispute resolution	Sections 9.6, 9.7 & 9.8	Item 17

10. FINANCING

We do not provide direct or indirect financing. We do not assist in providing financing for you. We do not guarantee any notes or financial obligations you may incur in setting up and operating your franchise.

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

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

Before you open your franchise, we will:

Designate Your Franchise Territory in the Franchise Agreement. If you want, we will analyze your market area, to help determine site feasibility and to help in selection of the franchise location. In analyzing a proposed site, we examine its general location, neighborhood, traffic patterns, parking, size, physical characteristics, proximity to competing businesses, and lease terms, sign visibility, neighborhood economic profile, population density and accessibility. The exact determination of the location for the franchise premises will depend upon our approval and your and our market analysis, market penetration plans, and franchise placement strategies and prior franchise commitments. You must obtain our prior written approval for the site of the franchise premises and your lease related to it. Our response to your request for approval of a site will be given within 30 days after we receive your written request. If you and we cannot agree upon a site, then you may terminate the franchise agreement and we will retain the initial franchise fee.

It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements. You will pay all out of pocket expenses for travel, meals, and lodging we incur to help you locate sites and to negotiate a lease for You. You will bear all other site selection and negotiation expenses.

Before you enter a lease or purchase agreement for the Studio, you will submit the lease or purchase documents to us for approval. Lease documents must include an assignment of the lease in a form we approve, under which we may assume the lease as provided in Section 4 of the Franchise Agreement. (Franchise Agreement, Sections 1.1, 1.3 and 4.3).

Approve or disapprove your franchise premises site-plan and pre-opening checklist. We will furnish to you a schedule of interior finishes and equipment packages for the franchise premises. All costs for site-specific plans will be your responsibility. Site plans, and any modifications to them, must be approved in writing by us before construction. All approvals will be solely within our discretion to maintain a uniform image and décor, consistent with Organic Bronze Bar franchise system concepts. (Franchise Agreement, Sections 1.4 and 5.1).

Provide you the Operations Manual and various selling aids. The Operations Manual contains our specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, customer service requirements, inventory requirements and control techniques, plans, fixture and décor requirements, co-branding requirements, opening public relations, and other rules that we may prescribe and identify as part of the Operations Manual. (Franchise Agreement, Section 5.1). We do not provide, deliver, or install equipment, signs, fixtures, opening inventory, and supplies directly to you. We do provide the names and contact information of approved suppliers, written specifications for these items.

Operations Manual

Provide the Operations Manual and various selling aids. (Franchise Agreement, Section 5.1). The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. The revisions may include advancements and developments in recipes, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. The Operations Manual currently contains approximately **94** pages. The Table of Contents of the current version of the Operations Manual includes:

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Training

We will give you an initial training and familiarization program before the start of your business. (Franchise Agreement, Section 3.1). This initial training program will last approximately **3 days** depending on your experience and background. Danielle Van Auken is our principal training instructor. Her experience relevant to the training is outlined in Item 2. Ms. Van Auken has over twenty-five years of experience with the subjects taught by her in our training program. Kristee Blaser of our Portland, Oregon staff assists her. They use the Operations Manual for instructional material. In addition, we may use, as instructors, experienced franchise representatives and our staff. The current agenda for this training includes:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location (Unless otherwise agreed*)
Welcome / Introduction	1	0	Portland, Oregon
Overview of Operations	1	0	Portland, Oregon
Customer Service	3	8	Portland, Oregon and your site
Equipment	1	0	Portland, Oregon
Operations	2	0	Portland, Oregon
POS System	4	2	Portland, Oregon and your site
Cleaning Practices	0.5	0	Portland, Oregon
Products	1	0	Portland, Oregon
Bookkeeping	0.5	0	Portland, Oregon
Supervisor Training	2	0	Portland, Oregon
Spray Training	0	14	Portland, Oregon and your site

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location (Unless otherwise agreed*)
Sales	1	0	Portland, Oregon
Totals	18	24	

*Training may be conducted by other locations are approved by us, according to standard training practices that may include business systems and physical spray tanning.

The training program consists of the described training materials, selling aids, Organic Bronze Bar official training books, kit supplies, and professional consultation. Training will cover guidelines, customer relations, general business operations, retail sales practices, franchise systems management, bookkeeping and financial management, inventory control and purchasing, security practices, equipment operations, increasing sales at your location and assisting in creating relationships with your customers. The training program is included in the Initial Franchise Fee. Accommodations, travel, room, board, and wage expenses during this period are borne by you. The training program must be completed by all franchisees unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary.

You must request to schedule a training session at least 35 days before the session is to start. The training session must be completed no later than 8 weeks before the scheduled date of the opening of the franchise.

You or a designated full-time manager must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement and retain some or all of the Initial Franchise Fee. You are encouraged to attend the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you or the manager fails to complete the mandatory training to our satisfaction.

If the franchise is managed by any persons other than you, you must notify us of the identity of the managers. Each manager you hire must successfully complete the mandatory training program within one month after being hired, at your expense.

Although not required by agreement, we may, at our discretion or upon your request, provide other supervision, assistance, and services before the opening of your business; such as literature, advertising materials, displays, flyers, additional training assistance and a selection of inventory and supplies.

Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending a training.

During the operation of your franchise business, we will:

Ongoing Assistance and Training

Provide ongoing assistance, for your training, advertising, sales assistance, and use of the Operations Manual. (Franchise Agreement, Section 3.2)

We will make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider. Upon our request, at all reasonable times, you will provide us with video and

digital images of the interior and exterior of your franchise business as set forth in the Operations Manual.

At any one time during the term of this Agreement, usually before the Franchise has opened for business and upon not less than **35** days prior written notice to us, we will provide the full-time services of a trainer at the Studio for up to **3** work days to assist with employee training, form use, store decor, merchandise display, sales assistance, and use of the Operations Manual. We will bear the trainer's expenses for this assistance. This training is listed in the "on-the-job" column in the training table.

At your option and upon not less than **35** days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. (Franchise Agreement, Section 3.2)

Provide refresher training programs or seminars, from time to time. We may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to **20** hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. (Franchise Agreement, Section 3.2)

Hold a convention periodically for the franchisees that make up our franchise system.

The convention may be held at a different location each time. The convention may include programs on sales and marketing techniques, performance specifications, advertising programs, training suggestions, and committee elections, among other things. Your attendance at each convention is strongly encouraged. You will bear all expenses of attending, including travel, lodging, meals and entertainment. (Franchise Agreement, Section 2.8)

Send to you, from time to time, promotional materials and bulletins on developments, new sales and marketing techniques, and products. (Franchise Agreement, Sections 2.3, 3.2)

We have no obligation to, but may offer, to help you establish the prices you charge for goods and services. We may recommend minimum and maximum prices at which you may sell products and services.

Advertising

Administer the Organic Bronze Bar advertising program and formulate and conduct local, national and regional promotion programs. (Franchise Agreement, Section 2.3)

We may promote our franchises through television, radio, print, sporting and cultural events and direct mail media. This is done locally and regionally. We use both our in-house advertising department and regional advertising agencies. We provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts. We will place advertising in geographic areas, in media, at times and

using products and services we deem to be in the best interest of our franchisees and our franchise system.

We will administer the funds we receive for advertising and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we, in our sole discretion, deem proper. We are under no obligation to administer advertising to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We will not be obligated to expend funds on advertising during any specific period or in any specific area or location or in your area or territory. You may receive a copy of the most recent annual accounting of the funds we receive for advertising and how those funds have been spent, at any time upon your written request. This accounting is not audited.

From time to time, we may supply to you samples of local advertisements we approve. You will submit to us all advertising copy and other advertising and promotional materials to us before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it. If within 10 days after submission, we have not advised you in writing that the material is disapproved, the material will be deemed approved by us for you to use.

You must advertise the Franchise in a dignified manner to enhance our franchise system's reputation for quality and integrity. Any time and from time to time, we may require you to submit to us advertising copy and promotional materials you use in your local advertising programs. If, after review of any material, we, in good faith, believe that it is not in keeping with our franchise system's reputation of quality and integrity, or degrades or debases the good will or reputation of the system, we will promptly notify you. You will immediately cease using any such material.

You must submit to us or our designated advertising agency, for prior approval, all promotional materials and advertising to be used by you, including, but not limited to, newspaper, radio, and television advertising; specialty and novelty items; signs; boxes; bags; and wrapping papers. If written or oral disapproval of your advertising and promotional material is not received by you within 10 days from the date we receive the material, the materials will be deemed approved. The submission of advertising to us for approval will not affect your right to set the prices at which you sell products.

At any time and from time to time, we will have the right to create or modify local or regional advertising cooperatives for the purpose of establishing local or regional advertising, marketing and promotional programs. We will promptly notify you and our other franchisees, of the establishment, modification and geographical boundaries of regional advertising regions. We may require all franchisees located within each geographic region to meet periodically for the purpose of creating and establishing cooperative advertising programs. Each franchise unit, and each unit we own and operate, will contribute on the same basis to the cooperative and will be entitled to one vote at these meetings. For the purpose of this subsection, each unit we own will be deemed to be a franchise. Each cooperative will be managed by the participating franchises pursuant to 65% majority vote. Currently no cooperatives have been organized and there are no governing documents available for review by franchisees.

If at any meeting of the franchisees in an advertising region, **65%** of the franchisees vote to contribute to a local or regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional Brand Fund in the amount

established by the vote (the "Regional Brand Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Brand Fund in excess of 3% of that franchisee's Gross Revenue. (Franchise Agreement, Section 2.3). This will be credited towards your Local Advertising Contribution described in Item 6, above, which requires you to spend a minimum of 3% of your monthly Gross Revenues on Local Marketing and Advertising. Payments for each month will be calculated based on three percent 3% of the monthly Gross Revenues from the prior month.

We may create an advertising advisory council made up of Organic Bronze Bar franchisees. These franchisees will make recommendations on your behalf as to types of advertising, promotion and public relations. We will use these and other recommendations which we feel are appropriate when drafting an advertising budget and program each year. Members of the council are selected by us; the council has advisory and not decision-making power. We can create, change, or dissolve the council at any time.

Summary of National Brand Fund Contributions and Expenses for Fiscal Year 2023

Expenses:	Corporate overhead	\$0	0%
	Production and market research	\$0	0%
	Market level advertising	\$0	0%
	Other (defined as: Menus)	\$0	100%
Total expenses:		\$0	100%
Brand Fund contributions:		\$0	100%
Excess of contributions over expenses:		\$0	0%*

0% of the above total advertising expenditures were used primarily on solicitation of new franchisees.

*The total balance of the Brand Fund as of fiscal year-end was \$0.

Web Site

We have the right to establish and maintain a World Wide Web site, which may promote the Service Marks and the Method of Operation. We have the sole right to control all aspects of the Website as well as social media, including its design, content, functionality, links to other web sites, legal notices, and policies and terms of usage. Except as approved in advance in writing by us, you may not establish or maintain any web site, social media sites, or otherwise maintain a presence or advertise on the Internet or any other public computer network, in connection with your Studio. If we grant our approval, you must establish and operate a webpage on our web site in accordance with our standards and policies provided to you in the Operations Manual or otherwise in writing. You may not modify the appearance or content of an approved webpage without our prior written approval. We have the right to prepare web materials, web pages, web images, and Website content and to develop hyperlinks and other links and to require you to use those materials, pages, images, content, and links. (Franchise Agreement, Section 2.5.)

Inspections

Inspect the Studio from time to time and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Section 5.2).

Inspect the facilities of your manufacturers, suppliers, and distributors from time to time and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Section 5.1).

Other Assistance

We may provide other supervision, assistance, or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance in training, secret shopper programs, promotional materials, bulletins on new products, merchandise, and new sales and marketing developments and techniques.

Electronic Cash Register/Point of Sale System:

Before you open the franchise for business, you must purchase the required computer hardware, software, internet connections and service, required dedicated telephone and power lines and other computer-related accessories and equipment. (Franchise Agreement, Section 5.9). See Item 7 for the cost of the System. You must obtain high-speed communications access for your computer system, such as broadband, DSL or other high-speed capacity. You must also maintain a functioning e-mail address for your business.

We require you to purchase a POS and a merchant processing system from our Supplier and pay our Supplier (currently MINDBODY, Inc.) a license fee and monthly support fee (currently based upon number and value of transactions). We reserve the right to direct the source from which you will obtain your hardware and software, including administrative software for your computer and POS system. MINDBODY, Inc.'s customer services address is 2811 Airpark Drive, Suite A, Santa Maria, CA 93455 and its telephone number is 877.755.4279.

We estimate that the cost of the computer system, including the point-of-sale system, will be approximately \$2,000 to \$3,000, depending on the size of your Franchised Business. The monthly fee is currently \$300 to \$600. Neither we, nor our affiliates, nor any third parties are required to provide on-going maintenance, repairs, upgrades or updates to your computer system. Currently, there are no required maintenance/upgrade contracts for the point-of-sale or computer system.

The hardware and software you obtain must accommodate an online system that gives us access to your records via the Internet at all times. You must allow us to establish and maintain communication with your POS system and electronic computer system via a dedicated data transmission line such as DSL or Cable, or similar telecommunications means to retrieve information including but not limited to, sales data and financial data. You may be required, at your cost, to change and update your telecommunications connection during the term of the Franchise Agreement. We must have independent access to this information and data. This equipment and related software must be purchased and installed in accordance with our specifications.

Some of the items you will need to obtain, at a minimum are:

- Office Computer - Mac Platform - iMac 21-inch Desk top recommended with monitor
- POS System (fees determined by number and value of monthly transactions)
- Software including Microsoft Office, Word, Excel and PowerPoint
- Wireless and Scanner Printer
- Credit Card Machine
- Wireless Phone set with 2 lines and voicemail capability
- Alarm System
- 1 cash register, JP-002 JEPOD with cash drawer
- Adobe Acrobat Reader
- High-speed Internet access

- Surge protector
- Anti-virus software

You must maintain, upgrade and update hardware, software and Internet service providers or other communications systems during the term of the franchise, as we determine without limitation, at your expense. We reserve the right to reasonably specify computer information and communications systems and to require you to utilize specified Internet service providers or communications software. You are solely responsible for protecting yourself from viruses, computer hackers and other computer-related problems and you may not sue us for any harm caused by such computer-related problems. You may not add any software to your computer system without our written approval and you must provide us with all access codes necessary for full access to your information.

You must provide all assistance we require to bring your computer system online with our headquarters computer at the earliest possible time and to maintain this connection as we require. We may retrieve from your computer system all information that we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

You must maintain your system and keep it in good repair. There is no contractual limit on our ability to require you to upgrade the system, add components to the system and replace components of the system. We cannot estimate the cost of maintaining, updating or upgrading your system or its components because it will depend on your repair history, costs of computer maintenance services in your local area and technological advances, which we cannot predict at this time.

You will be responsible to maintain the system using servicing and technical support sources we approve.

Currently we require you to use WEBFU for SEO/internet optimization fees. This costs \$297 to \$575 per month. We also require you to use Websites by Theresa with a current monthly fee of \$57.

Data Security Standards. At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements; however, we reserve the right to approve of the supplier you use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse us for all costs related to the audit if you are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, including, security threats, breaches, and malware. It is your responsibility to alert us, not later than 24 hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect customer data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

Security System. You are required to install a security system in your premises. You are solely responsible for the maintenance and upgrades to this system. Upon our written request, you must provide us with independent access to the security system, but our access does not obligate us to monitor your premises for safety or compliance. We do not regulate the type of security system you install, but it must have both inside and outside cameras, must be of sufficient capabilities to adequately protect your franchise business, your premises and your inventory, and it must provide storage capabilities as required in the Operations Manual. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. You are required to provide us notice of its installation. By installing the security system, you and your employees are waiving their right to privacy in non-private areas of the premises, and you agree to include a provision in all your employment applications and other applicable documents requiring your employees to sign and waive their right to privacy with respect to the use of the security system in non-private areas of the premises. You agree to indemnify and hold us harmless

from and against any claim related to your security system. We estimate the cost of such system to be between \$1,000 and \$5,000 for initial installation and depending on the number of cameras and type of system used, an ongoing cost of approximately \$50 to \$175 per month.

Email Address. You must at all times use and maintain the email address provided by us or approved by us for use in relation to your franchise business, frequently checked by you to facilitate our communications, and that you must use as the sole email for all franchise business-related communications and accounts. If we provide you with an email account/address, we have the right to access your email account at any time and without notice to you, and you understand and acknowledge that you and your employees and agents have no expectation of privacy in the assigned email accounts. All social media you are allowed to develop or use must be attached only to the email address we provide to you or that is approved by us.

Time to Open:

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 75 to 90 days. You are expected to complete the mandatory training and commence your franchise business operations within **120** days after you sign the Franchise Agreement. Factors that may affect this time are finding and negotiating for the Studio, arranging for the training session, remodeling and equipping the Studio, obtaining initial inventory, financing and business permit requirements, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond Your reasonable control will be excused for a time that is reasonable under the circumstances.

If the training and commencement of operation obligation is not fulfilled, we may terminate the Franchise Agreement and retain all of the Initial Franchise Fee. (Franchise Agreement, Sections 3.1 and 4.1).

12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, so long as the Franchise Agreement is in force, and you are not in default in any material provision, we will not establish or allow others to establish an Organic Bronze Bar facility within the lesser of **5** driving miles of your franchise premises or an area encompassing approximately 100,000 to 250,000 persons of population (the "Franchise Territory"). We reserve the right to use the Service Marks and our products at any location, including within your Franchise Territory, in other product distribution methods; including internet sales and wholesale outlets ("alternative distribution channels").

Your Franchise Territory will be identified in your Franchise Agreement using current zip code, political or geographical boundaries. The exact conformation of the franchise territory will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies and prior franchise commitments. We will use reliable governmental, chamber of commerce and business statistical information to determine both the population and boundaries for your Franchise Territory.

We may place Organic Bronze Bar establishments in airports, event arenas, and similar limited access environments in your Franchise Territory and regardless of the location of other Organic Bronze Bar operations.

You may not use alternative distribution channels to make sales outside or inside your Franchise Territory

except as otherwise allowed by us in the Operations Manual. The internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual. You may not independently market using any digital, electronic or computerized form or any form of media now or in the future developed (e.g. materials to be made available through the internet, inactive electronic transmissions, etc.). For the purposes of this Franchise Disclosure Document, "Internet" means any of one or more local or global interactive communications media, that is flow available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

We and our affiliate reserve the right to use alternative channels of distribution to make sales within your Franchise Territory of products or services under trademarks or service marks different from the ones you will use under the Franchise Agreement, but we and our affiliate have not yet made any sales of this type.

Only we may place national or regional advertising.

You may not establish or operate any other Organic Bronze Bar establishment without executing a separate Franchise Agreement for that facility. You may operate your franchise only at the location specified in the Franchise Agreement. You may not relocate without our approval.

A typical franchise location consists of a lease retail space with from **1,200 to 1,500** square feet of space. It is identified in Section 1.1 of the Franchise Agreement. Before the Franchise Agreement is signed, the specific address for the Studio, or the area within which it may be located, will be described in the Franchise Agreement. The exact determination of the Franchise Territory and Studio will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies and prior franchise commitments. You must obtain our prior written approval for the site of the Studio and your lease related to it. When the exact location for the franchise is decided, the Franchise Agreement will be updated to identify the Studio. If you and we cannot agree on a site for your Studio, we may terminate the Franchise Agreement by refunding to you the Initial Franchise Fee.

We will help analyze your market area, help determine site feasibility, and assist in the selection of the franchise location, subject to your approval. While we agree to use our experience and expertise to assist in the selection of locations, we do not guarantee success for the location selected by you or accept any responsibility for any consequences of your choice of the franchise site.

Among the factors we consider to determine the feasibility of possible franchise sites are population demographics, traffic, parking, and other businesses in the area.

You must receive our written permission before you relocate your franchise.

You may not do business, operate or place advertisements using our trade names or trademarks outside your Studio, except with our prior written permission or following the local advertising requirements and restrictions expressed in the Operations Manual. This means that your individual advertising may be placed only within your franchise location. All issues related to local customers who deal with several Organic Bronze Bar franchisees and local opportunities that could involve more than one franchise will be addressed and resolved by the Organic Bronze Bar franchisees in the involved local area, subject to our right to give reasonable direction and oversight.

We may establish company-owned or franchised operations using our method of operation, trade names or trademarks that will compete with you. We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name or trademark.

First Right of Purchase and Right of First Refusal

You have no options, rights of first refusal or similar rights to acquire additional franchises within the Franchise Territory or in contiguous territories.

Our Use of the Service Marks and Organic Bronze Bar Products and Services

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our service marks and trademarks to others. Neither we nor our affiliate are restricted from participating in other distribution methods, whether or not within the Franchise Territory, including Internet, other forms of media now or in the future developed, wholesale and mail order channels under marks and product configurations different than those offered through your franchise. We reserve the right to market, solicit sales, and sell, lease, rent or otherwise dispose of franchise products and services to any person or customer we choose. These include national accounts, commercial customers, franchisees, end users or any other customer we may select. We may exercise our right directly or indirectly by or through independent contractors that may include franchisees, dealers, and brokers.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee web site be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

Some Organic Bronze Bar franchises may be placed at a location where another, separate business is operated under another business name, such as a physician's office or athletic club. If the Studio is at that type of location, it will be deemed "co-branded" for the purposes of the Franchise Agreement.

Your Use of the Service Marks and Organic Bronze Bar Products and Services

You may not establish or operate any other **Organic Bronze Bar** establishment without executing a separate Franchise Agreement for that facility. You may operate only one **Organic Bronze Bar** franchise in your Franchise Territory.

Except with our prior written permission, you may not do business, operate or place advertisements using our trade names or service marks in or originating from any area other than the Franchise Territory. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media. All Internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site.

Only we may place national or area or regional advertising.

All issues related to local customers who deal with several Organic Bronze Bar franchisees and local opportunities that could involve more than one franchise will be addressed and resolved by the Organic Bronze Bar franchisees in the involved local area, subject to our right to give reasonable direction and oversight and approval.

We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name or service mark. We are not contractually restricted from doing so.

You do not receive the right to acquire additional franchises or to grant sub-franchises. There is no minimum sales quota upon which your rights to the Franchise Territory depend.

Except as described in this Item 12, there are no other circumstances that permit us to modify your territorial rights.

13.
TRADEMARKS

We grant you the right to operate your franchise under the name and mark "**Organic Bronze Bar®**" and related logos and commercial symbols (the "Service Marks"). You also will be granted the right to use other current or future service marks that we may from time to time designate in the confidential Operations Manual. The Service Marks will include any trade names, trademarks, service marks and logos we use to identify your franchise location.

We own the word mark and the word mark plus design described below and have registered the "**Organic Bronze Bar®**" service mark and the logo shown below on the Principal Register of the United States Patent and Trademark Office. All required USPTO affidavits and maintenance filings have been made.



PRINCIPAL TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
ORGANIC BRONZE BAR word mark [for organic artificial sun tanning services; organic skin tanning services for humans for cosmetic purposes; organic spa services, namely, skin rejuvenation	4,163,997	June 26, 2012

and cosmetic body care; organic hair salon services, namely, hair cutting, styling, coloring and hair extension services - disclaims exclusive use of the words "Organic Bronze"]		
ORGANIC BRONZE BAR word mark plus design [for organic artificial sun tanning services – disclaims exclusive use of the words "Organic Bronze"]	4,990,165	June 28, 2016

We have not registered the "Organic Bronze Bar®" mark in any state.

We and our affiliates claim common law rights to the Service Marks and any other marks used by us in interstate commerce in the United States. This claim is based upon our widespread use of the names in interstate commerce.

The Service Marks are our sole and exclusive property. We have the right to control any administrative proceedings or litigation involving a Service Mark licensed by us to you. You will immediately notify us of any infringement of, or challenge to, your use of the Service Marks, or any marks identical to or confusingly similar to the Service Marks, including any claims of infringement or unfair competition. We will have sole discretion to take action or not as we deem appropriate. You must follow our rules when you use the Service Marks. You may not use the Service Marks in any manner we have not authorized in writing. You cannot use our Service Marks as part of the name of your business entity or with modifying words, designs or symbols except as we authorize in writing. You may not use our Service Marks in connection with the sale of any unauthorized product or service or in a manner we have not authorized in writing.

There are no agreements currently in effect that limit our rights to use or license the use of the service marks. We know of no infringing uses that could materially affect your use of the service marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any of the service marks, or any claim by any person of any rights in any of our service marks. You must not communicate with any person other than us and our legal counsel in connection with any such infringement, challenge or claim. We have the sole discretion to take such action as we may deem appropriate to protect our service marks and to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out any such infringement challenge or claim or action otherwise relating to our service marks. You must execute such comments, render such assistance, and do such acts and things as may in the opinion of our counsel be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, to otherwise protect and maintain our interests in our service marks.

The service marks are our sole and exclusive property. You must follow our rules when you use the service marks. You may not use the service marks in any manner we have not authorized in writing. You can only use the Service Marks as authorized in the Franchise Agreement or as we otherwise authorize in writing. Among other restrictions, you may not use the Service Marks:

1. As part of your corporate name.
2. With modifying words, phrases, or designs.
3. On any papers, vehicles, clothing, etc. except as we authorize in writing.
4. In connection with the sale or rendering of any unauthorized services.
5. In any way that is unethical or may be injurious to the Franchise or to the goodwill associated with the Service Marks.
6. Without using the designation ®, ™, SM or other trademark registration notice.

All goodwill associated with the Service Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the Service Marks, or any colorable imitation of them, combined with any other words or phrases.

While we will make reasonable efforts to protect your rights to use the Service Marks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Service Marks or the Method of Operation, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Service Marks or if the proceeding is resolved unfavorably to you. Instead, at any time, we may change or modify any part of the Service Marks at our sole discretion. You will accept, use, and protect, for the purposes of the franchise, all changes and modifications as if they were a part of the Service Marks at the time the Franchise Agreement is executed. You will bear all costs and expenses that may be reasonably necessary as a result of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

There are presently no currently effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding nor any pending material litigation involving the Service Marks or other commercial symbols which are relevant to their use in your state or in any other state.

There are no agreements currently in effect that limit our rights to use or license the use of the Service Marks listed in this section in a manner material to the franchise. We know of no infringing uses that could materially affect your use of the Service Marks.

Registered Domain Names

We have registered the following Uniform Resource Locator (domain name): <https://organicbronzebar.com>. You may not register or own a domain name, social media account, email account, etc., using the Service Marks or any derivative of the Service Marks in a domain name, and you may not create or register any domain name, social media account, email account, etc., in connection with your franchise business or the franchise system without our prior written permission.

14. PATENTS, COPYRIGHT & PROPRIETARY INFORMATION

We have no patents or pending patent applications that are material to your franchise.

We intend to affix a statutory notice of copyright to Our Operations Manual, to most of our advertising products, and to our Organic Bronze Bar products, and to all modifications and additions to them. There are no determinations, agreements, infringements or obligations currently affecting these notices or copyrights. You have no rights to the copyrighted material. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your Franchise Agreement.

To maintain high standards of operation, you must operate your Studio in accordance with the standards, methods, policies, and procedures we specify in our Operations Manual. Upon your completion of our initial training program advertising products, and to our satisfaction, we will loan you one copy of the manual. The manual may consist of multiple volumes of printed text, computer disks, other electronically stored data, DVDs, and videotapes, and may contain information related to Organic Bronze Bar operations and management. We may provide a portion or the entire manual (including updates and amendments), and other instructional information and materials, in or via electronic media, including through the Internet.

You must treat the manual, any other manuals created for or approved for use in the operation of your Studio, and the information contained in our franchise system, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place at the Studio. When all or a portion of the manual is replaced or updated, you must return to us or destroy the superseded portions.

We may revise the contents of the Operations Manual at any time, and you must comply with each new or changed standard. You must ensure that the manual is kept current at all times and review and print all updates made available by us on our intranet on a regular basis. In the event of any dispute as to the contents of the manual, the terms of the master copy maintained by us at our home office will be controlling.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to and interest in our copyrights and other proprietary information.

Confidential Information

You must not, during and after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement, including, the manuals, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, management tools, or advertising which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement. You may divulge this confidential information only to those of your employees as must have access to it in order to operate the franchise, and then only to the extent that they need to know it to perform their duties. In addition to the confidential information described above, any other information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals, and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. We have the right to control any administrative proceedings or litigation.

If you use (and do not disclose) our confidential information in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the confidential information, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Improvements to the System

Any improvements you make to the system will be owned by us and considered a “work-made-for-hire” or will otherwise be assigned to us.

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

We recommend and may require that you, or one of your owners if you are a corporation or partnership, participate fully in the actual day to day operation of the franchise business. Any managers you employ to help you to operate the franchise must successfully complete the mandatory training program described in Item 11. The manager and all of your owners must agree to be bound by the confidentiality and non-compete provisions of the Franchise Agreement.

Each of your owners must assume and agree to discharge all of your obligations under the Franchise Agreement.

If your operating principals are not involved in the day-to-day operations, they are required to participate in your franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the franchise business; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees required by us; (iv) be directly involved with site selection, construction, remodeling; (v) be directly involved in all personnel decisions affecting the franchise business; (vi) conduct frequent inspections of the franchise business operations to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods; and (vii) work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

No Competing Enterprises

Neither you, your operating principals, nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 and your franchise agreement. Your employees will also be required to sign a confidentiality agreement, and that agreement also imposes certain non-competition restrictions on management employees. Some states may impose certain restrictions on non-competition agreements. We provide you this form, but it is your responsibility to conform it to the laws and regulations of your state. We have the right to communicate directly with your operating principal(s), designated manager(s), and

assistant managers concerning operational matters that we reasonably believe may affect our goodwill, the Service Marks, the Method of Operation, or our franchise system.

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you use, offer and sell only those products, goods and services that we approve in writing. You must offer all products, goods and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete, and add to the authorized products, goods and services.

You are prohibited from installing or maintaining on the Studio any video games, juke boxes, gaming machines, games, rides, vending machines or other similar devices without our written approval.

You will refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to our business or to the goodwill associated with the Service Marks.

You must prominently display, by posting a sign within public view on or in the Studio and on any delivery vehicles that you use, a statement that clearly indicates that your franchise and any delivery vehicles you use are independently operated by you as our franchisee and not as our agent.

We have the right to add additional authorized services or to modernize current services that you must to offer. There are no limits on our right to do so.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term	Section 1.1	5 years

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
b. Renewal or Extension of Term	Section 6.1	If you are in good standing, you may renew for periods of 5 years under the terms of our then current franchise agreement forms.
c. Requirements for Renewal	Section 6.1	You must: a. Give notice at least three and not more than 6 months before expiration of the initial term. b. Faithfully perform under the initial agreement. c. Refurbish, remodel, or replace the Studio and replace obsolete equipment. d. Sign general release. e. Sign a new franchise agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract. f. Go through retraining. <u>If at the time for renewal we are not offering franchises in your area or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period. If, at the end of the one-year extension we still are not or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.</u>
d. Termination by You	Section 6.2	Subject to applicable state laws, upon 30 days' notice only for material breach by us. Post-termination covenants still apply.
e. Termination by Us Without Cause	None	
f. Termination by Us with Cause	Section 6.3	We can terminate only if you default.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
g. "Cause" Defined – Curable Defaults	Section 6.3(A)	You have 30 days to cure any default not listed in Section 6.3 (B).
h. "Cause" Defined – Non-curable Defaults	Section 6.3 (B)	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, nonpayment of fees, repeated under reporting of sales, disclosure of information.
i. Your Duties and Obligations on Termination or Nonrenewal	Section 6.5	De-identification; return of manuals; release of phone numbers and listings; de-identification of premises; payment of sums owed; confidentiality; and non-competition. At our option, assign your lease and sell all franchise related equipment, furnishings, and inventory to us, at the fair market value for equipment and furnishings and at your invoice cost for products inventory less a 10 percent restocking charge. We will not be liable for any payment to you for intangibles, including, without limitation, goodwill.
j. Assignment of Contract By Us	Section 7.1	There are no restrictions on our right to transfer.
k. "Transfer" by You - Definition	Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Our Approval of Your Transfer	Section 7.1	

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<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		We have the right to approve all transfers.
m. Conditions for Our Approval of Transfer	Section 7.1	The transferee must qualify as a franchisee, he must assume your obligations, you may not be in default, the transferee must successfully complete the mandatory training, the current transfer fee is the greater of \$10,000 or 10% of the sale price (in the event that the franchise is sold to a third party), the transferee must sign a new franchise agreement on our then current terms, and you must release us. <u>You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law (see state specific addenda).</u>
n. Our Right of First Refusal to Acquire Your Business	Section 7.4	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 30 -day notice and right to decide.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
o. Our Option to Purchase Your Business	Section 7.3	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within 30 business days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled "Sale or Assignment" and "First Right of Refusal." <u>Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value.</u>
p. Your Death or Disability	Section 7.2	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer franchise interest.
q. Non-Competition Covenants During the Term of the Franchise	Sections 5.7 & 5.8	Subject to applicable state laws, you may not disclose confidential information or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	Sections 5.7, 5.8 & 6.8	Subject to state applicable laws, no competition is allowed for 720 days within the Franchise Territory; within a 200-mile radius of the Franchise Territory; within a 200-mile radius of any location where we operate or have granted the franchise to operate an Organic Bronze Bar business;

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		and within the United States of America. <u>If you compete within the restrictive period, then this non-compete period will be tolled for the period of your competition. Non-competition provisions are subject to state law.</u>
s. Modification of the Agreement	Sections 5.5 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.
t. Integration/Merger Clause	Sections 5.1, 5.5 and 9.7	Subject to applicable state laws, only the terms of the franchise agreement and operations manual are binding. Any other promises may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 9.8	Subject to state applicable laws, no dispute is required to be arbitrated, eight hours of mediation is required at joint expense.
v. Choice of Forum	Section 9.8	Subject to applicable state laws, legal proceeding must be in the county in which our headquarters is located at the time of the dispute (currently Multnomah County, Oregon).
w. Choice of Law	Section 9.8	Subject to applicable state laws, Oregon law applies except to the extent governed by the United States Trademark Act and except in those states whose franchise laws require exclusive application.

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

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

18. PUBLIC FIGURES

No public figure is involved in our franchise program.

19. EARNINGS CLAIMS

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. Except as explained above, 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 Danielle Van Auken, 7365 SW Barnes Road, Suite B, Portland, Oregon 97225, (503) 705-0347, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. LIST OF FRANCHISE OUTLETS

These tables are based upon a March 31 fiscal year end.

Table No. 1
SYSTEM WIDE OUTLET SUMMARY
As of March 31, ~~2021, 2022, 2023~~ 2022, 2023, and 2024

Type of Outlet	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	March 2022	5	5	0
	March 2023	5	6	+1
	March 202 <u>4</u>	<u>6</u>	<u>10</u>	<u>+4</u>
Company-Owned* (See Items 1 & 2)	March 2022	2	3	+1
	March 2023	3	3	0
	March 202 <u>4</u>	3	<u>2</u>	<u>-1</u>
TOTAL	March 2022	7	8	+1
	March 2023	8	9	+2
	March 202<u>4</u>	<u>9</u>	<u>12</u>	<u>+3</u>

* These outlets are owned by our affiliates identified in Item 1 which are owned by persons listed in Item listed in Item 2, above.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
As of March 31, 2022, 2023, and 2024

State	Year	Number of Transfers
North Carolina	March 2022	0
	March 2023	0
	March 202 <u>4</u>	0
Oregon	March 2022	0
	March 2023	0
	March 202 <u>4</u>	0

State	Year	Number of Transfers
Washington	March 2022	1
	March 2023	0
	March 2024	0
TOTAL	March 2022	1
	March 2023	0
	March 2024	0

Table No. 3
STATUS OF FRANCHISED OUTLETS*
As of March 31, **2022, 2023, and 2024**

State	March of Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Oregon	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	1	2
N. Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
S. Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Washington	2022	1	0	0	0	0	0	1

State	March of Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	0	0	0	0	0	<u>1</u>
TOTAL	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	<u>6</u>	<u>5</u>	0	0	0	<u>1</u>	<u>10</u>

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS *
As of March 31, 2022, 2023, and 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Idaho	March 2022	0	1	0	0	0	1
	March 2023	1	0	0	0	0	1
	March 2024	1	0	0	<u>1</u>	0	<u>0</u>
Oregon	March 2022	2	0	0	0	0	2
	March 2023	2	0	0	0	0	2
	March 2024	<u>2</u>	0	0	0	0	<u>2</u>
TOTAL	March 2023	3	0	0	0	0	3
	March 2023	3	0	0	0	0	3
	March 2024	<u>3</u>	0	0	<u>1</u>	0	<u>2</u>

* These outlets are owned by our affiliates identified in Item 1 which are owned by persons listed in Item listed in Item 2, above.

Table No. 5

PROJECTED OPENINGS AS OF AUGUST 15, 2024*

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	1	0
Georgia	1 [#]	0	0
North Carolina	3 [#]	1	0
Oregon	0	2	0
South Carolina	4 [#]	1	0
Tennessee	0	1	0
Utah	0	0	0
Washington	0	1	0
TOTAL	8	7	0

[#] On November 20, 2019, we signed a Franchise Development Agreement with Bowman Salons, LLC, a North Carolina limited liability company (Cortney McComiskey is owner and manager, 2907 Providence Road, Suite 102A, Charlotte, NC 28211, (980) 498-0008), for the future placement of up to 8 franchises in the following locations through 2028:

Mecklenburg County, North Carolina
Mecklenburg and Iredell Counties, North Carolina
Rock Hill, South Carolina municipal limits
Mount Pleasant, South Carolina municipal limits
Greenville County, South Carolina
Pickens and Anderson Counties, South Carolina
Fulton County, Georgia

The following is a list of Organic Bronze Bars owned and operated by our affiliates and the addresses and telephone numbers of all of their operations as of August 15, 2024:

Danielle Van Auken
3909 E. Fairview Avenue, #104
Meridian ID, 83642
208-501-2044

Danielle Van Auken/Organic Bronze Bar Forest Heights LLC
7365 SW Barnes Road, Suite B
Portland, Oregon 97225
503-297-0200

Stacie Anne Hartman/Organic Bronze Bar Bridgeport LLC
18041 SW Lower Boones Ferry Rd #2
Tigard, Oregon 97224
503-372-5600

The following is a list of the Organic Bronze Bars owned and operated by our franchisees and the addresses and telephone numbers of all of their operations as of **August 15, 2024**:

Jill Alosi/OGB Enterprises, Inc.

16615 Landcaster HWY, Suite 106
Charlotte, NC 28277
704-714-4633

Cortney McComisky
2907 Providence Road, Suite 102A
Charlotte, NC 28211
(980) 498-0008

Cortney McComisky
20601 Torrence Chapel Road, #110
Cornelius, NC 28031
(704) 237-4689

Mayra Pelayo/Valera LLC
747 East 32nd Avenue, Suite A
Eugene, OR 97405
(541) 600-7738

Jennifer Cooper/Blonde & Bougie LLC
Pending
Hillsboro, OR
(503) 482-7272

~~Nate and Melanie Lewis/Melate LLC~~
~~780 NW Garden Valley Boulevard #36~~
~~Roseburg, OR 97471~~
~~(541) 900-1153~~

Christine Steigerwald/BC Survivor LLC
506 Mercantile Place #107, Fort Mill, SC 29715
(803) 766-0706

Kendie and Jordun McCullum/McCullum TN LLC
549 Neptune Drive, Suite D
Clarksville, TN 37043
(931) 325-6173

SMKARP LLC (Sean and Melanie Karp)
911 Main Street, Suite 110
Vancouver WA 98660
360-818-7272

The following franchisees have transferred their franchises to new or existing franchisees during our most recent fiscal year: **NONE**

The following is a list of the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system: **NONE**

Nate and Melanie Lewis/Melate LLC

780 NW Garden Valley Boulevard #36 (closed January 1, 2024)
Roseburg, OR 97471
(541) 900-1153

During the last three fiscal years, we have not signed confidentiality clauses with any of our current or former franchisees, which restrict such franchisees from communicating with prospective franchisees concerning their experience in the franchise system. However, we sign agreements with current and former franchisees that include confidentiality clauses that protect our intellectual property and our proprietary information. The confidentiality clauses in these agreements may also relate to specific negotiated franchise agreement terms and conditions.

The following is a list, to the extent known by us, of the names, addresses, telephone numbers, email address and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed: **NONE**

21. FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements as of March 31, 2023, 2022, and 2021. Our fiscal year end is March 31.

22. CONTRACTS

Attached are copies of the Franchise Agreement, the State Law Addendum, and all other related agreements you may have to sign when you purchase your franchise.

Standard Franchise Agreement, with Exhibits:

1. ~~Franchise Location~~

2. ~~Lease Rider~~

3. ~~Co-Branding Addendum~~

~~Confirmation of Additional Representations and Terms~~

Employee Brand Protection Agreement Form

Conditional Assignment

Abandonment, Relinquishment, and Termination of Assumed Business Name

State Law Addendum

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

23. RECEIPTS

Attached to this Franchise Disclosure Document are duplicate Acknowledgments of Receipt. They evidence your receipt of this Franchise Disclosure Document – sign each copy; one is to be retained by you, the other by us.

OBB Franchising LLC.
Audited Financial Statements

OBB FRANCHISING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2024, 2023, AND 2022



OBB FRANCHISING, LLC

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Independent Auditor's Report

To the Members of
OBB Franchising, LLC
Portland, Oregon

Opinion

We have audited the accompanying financial statements of OBB Franchising, LLC, which comprise the balance sheets as of March 31, 2024, 2023, and 2022 and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OBB Franchising, LLC as of March 31, 2024, 2023, and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunlay

St. George, Utah
July 19, 2024

OBB FRANCHISING, LLC
BALANCE SHEETS
As of March 31, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Current assets			
Cash and cash equivalents	\$ 11,019	\$ 10,142	\$ 54,530
Accounts receivable	2,490	9,024	2,862
Total current assets	<u>13,509</u>	<u>19,166</u>	<u>57,392</u>
Total assets	<u>\$ 13,509</u>	<u>\$ 19,166</u>	<u>\$ 57,392</u>
Liabilities and Members' Deficit			
Current liabilities			
Accounts payable	\$ 5,664	\$ 340	\$ 2,046
Member payable	60,676	58,628	80,813
Deferred revenue	-	32,000	64,000
Total current liabilities	<u>66,340</u>	<u>90,968</u>	<u>146,859</u>
Total liabilities	<u>66,340</u>	<u>90,968</u>	<u>146,859</u>
Members' deficit	(52,831)	(71,802)	(89,467)
Total liabilities and members' deficit	<u>\$ 13,509</u>	<u>\$ 19,166</u>	<u>\$ 57,392</u>

The accompanying notes to the financial statements are integral part of these financial statements

OBB FRANCHISING, LLC
STATEMENTS OF OPERATIONS
For the years ended March 31, 2023, 2022, and 2021

	2024	2023	2022
Operating revenues			
Initial franchise fees	\$ 126,000	\$ 64,000	\$ 5,000
Royalty fees	60,491	40,095	23,154
Total operating revenues	<u>186,491</u>	<u>104,095</u>	<u>28,154</u>
Operating expenses			
General and administrative	99,189	36,057	20,216
Advertising and marketing	32,489	29,138	24,003
Professional fees	35,842	21,235	2,625
Total operating expenses	<u>167,520</u>	<u>86,430</u>	<u>46,844</u>
Net income (loss)	<u>\$ 18,971</u>	<u>\$ 17,665</u>	<u>\$ (18,690)</u>

The accompanying notes to the financial statements are integral part of these financial statements

OBB FRANCHISING, LLC
STATEMENTS OF MEMBERS' DEFICIT
For the years ended March 31, 2023, 2022, and 2021

Balance as of April 1, 2021	\$ (70,777)
Net loss	<u>(18,690)</u>
Balance as of March 31, 2022	(89,467)
Net income	<u>17,665</u>
Balance as of March 31, 2023	(71,802)
Net income	<u>18,971</u>
Balance as of March 31, 2024	<u><u>\$ (52,831)</u></u>

The accompanying notes to the financial statements are integral part of these financial statements

OBB FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2023, 2022, and 2021

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:			
Net income (loss)	\$ 18,971	\$ 17,665	\$ (18,690)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Accounts receivable	6,534	(6,162)	(393)
Accounts payable	5,324	(1,706)	1,516
Deferred revenue	(32,000)	(32,000)	64,000
Net cash provided (used) by operating activities	<u>(1,171)</u>	<u>(22,203)</u>	<u>46,433</u>
Cash flows from financing activities			
Net draws (repayments) on member payable	2,048	(22,185)	7,935
Net cash provided (used) by financing activities	<u>2,048</u>	<u>(22,185)</u>	<u>7,935</u>
Net change in cash and cash equivalents	877	(44,388)	54,368
Cash and cash equivalents at beginning of period	10,142	54,530	162
Cash and cash equivalents at end of period	<u>\$ 11,019</u>	<u>\$ 10,142</u>	<u>\$ 54,530</u>
Supplemental disclosures of cash flow			
Cash paid for interest and taxes	\$ -	\$ -	\$ -

The accompanying notes to the financial statements are integral part of these financial statements

OBB FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024, 2023, AND 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

OBB Franchising, LLC (the “Company”) was formed on July 25, 2017 in the state of Oregon as a Limited Liability Company for the principal purpose of conducting franchise sales, marketing, and management of the Organic Bronze Bar franchise.

The Company uses the accrual basis of accounting, and its accounting period is the 12-month period ending March 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of March 31, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$11,019, \$10,142, and \$54,530, respectively.

(e) Revenue Recognition

The Company’s revenues consist of initial franchise fees and royalties based on a percentage of gross revenues. The Company has adopted ASC 606, *Revenue from Contracts with Customers* in prior periods. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price and the Company’s performance obligations.

Upon evaluation of the five-step process, the Company has determined royalty fees are to be recognized in the same period as the underlying sales. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation

OBB FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024, 2023, AND 2022

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon the provision of these pre-opening services, which is generally the commencement of operations.

(f) Income Taxes

The Company is structured as an S-corporation under the laws of the state of Oregon. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of March 31, 2024, the 2023, 2022, and 2021 tax years are subject to examination.

(g) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal years ending March 31, 2024, 2023, and 2022 were \$32,489, \$29,138, and \$24,003, respectively.

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable the carrying amounts approximate fair value due to their short maturities.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(j) Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported results of operations.

OBB FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024, 2023, AND 2022

(2) Accounts Receivable

The Company's accounts receivable balance represents amounts due from franchisees for royalties. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the years ended March 31, 2024, 2023, and 2022, management determined no allowance for doubtful accounts receivable was necessary. As of March 31, 2024, 2023, and 2022, the Company had accounts receivable of \$2,490, \$9,024, and \$2,862, respectively.

(3) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Organic Bronze Bar system for a period of five years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current. As of March 31, 2024, the Company had no deferred revenue. As of March 31, 2023, and 2022, the Company had deferred revenue of \$32,000, and \$64,000, respectively, all of which was considered to be current.

(4) Related Party Transactions

The Company's members provide loans to cover operating costs. The amounts do not incur interest and are due upon demand. As of March 31, 2024, 2023, and 2022, the total amount due to members was \$60,676, \$58,628, and \$80,813, respectively.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through July 19, 2024, the date on which the financial statements were issued.

FRANCHISE AGREEMENT

OBB Franchising LLC.

7365 SW Barnes Road, Suite B
Portland, Oregon 97225

(503) 705-0347



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FRANCHISE AGREEMENT

THIS AGREEMENT has been entered this ____ day of _____, 202___. It is by and between **OB**
Franchising LLC., an Oregon limited liability company, and our successors and assigns (collectively "we,
us") and _____ and _____ and _____ (jointly and
severally "you").

For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to "**Organic Bronze Bar**" and the Organic Bronze Bar logo (the "Service Marks"). We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and advertising of businesses through which we and our franchisees offer a variety of services and choices for organic airbrush tanning - hand sprayed using a formula made with all natural and organic ingredients and no harmful chemicals - spa services; skin care products and other specialty items; with complementary products and services. Each Organic Bronze Bar studio offers the sale of memberships that allow access to our specialized programs. Miscellaneous items may also be permitted for retail sale as approved by us. Collectively this is called (the "Method of Operation").

You acknowledge that this Agreement was accompanied by a Franchise Disclosure Document, which you received at the earlier of (1) the first personal meeting with us (in Maryland, New York and Rhode Island); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale.

In addition, you acknowledge either:

- ☐ receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or
- ☐ if we unilaterally or materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the Franchise Disclosure Document, you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than 7 calendar days before you signed this Agreement.

You have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Method of Operation.

You acknowledge that the terms of our prior franchise offerings may have materially differed from the terms of this Agreement.

You realize that entering into this Agreement will obligate you to operate your franchised business in strict accordance and conformity with the standards, specifications and procedures as set forth in the Operations Manual that we will loan to you. You furthermore realize that there is a risk in owning any business venture including this one and that running a business can be very hard work. If you operate your Organic Bronze Bar Franchise below the standards we require, customers who patronize that Organic Bronze Bar franchise location will be less likely to patronize other Organic Bronze Bar locations. This would damage the business

of others. It will be difficult for us to obtain new franchisees if a prospective purchaser observes that you do not maintain the required standards.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 **GRANT OF FRANCHISE AND FRANCHISE TERRITORY**

1.1 **Grant of Franchise and Franchise Territory.** We grant to you, and you accept from us, the franchise, license, and privilege to use the Service Marks, the Method of Operation, and merchandise bearing the Service Marks, for 5 years from the date of this Agreement (the "Franchise"). This grant solely is for the operation by you of one Organic Bronze Bar facility located in a free-standing building or a shopping center accessible to general public in the geographical territory identified in the attached Exhibit 1 ("the Franchise Territory"). In this Agreement, your franchise location is called the "Studio." If either the Franchise Territory or the location for your Studio has not been determined when this Agreement is executed, you are responsible for selecting the site for your Studio within the area designated in Exhibit 1. The Franchise Territory and your franchise site must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

We will not place or authorize anyone else to place an Organic Bronze Bar within your Franchise Territory. While we agree not to establish, or license anyone else to establish, any Organic Bronze Bar using the Service Marks or the Method of Operation within the Franchise Territory except as outlined above, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

We will analyze your market area, to help you determine site feasibility and to help you in selection of the franchise location. In analyzing a proposed site, we examine its general location, distance from warehouse, traffic patterns, parking, size, physical characteristics, proximity to competing businesses, lease terms, sign visibility, neighborhood economic profile, population density and accessibility. The exact determination of the location for the Studio will depend upon our approval and your and our market analysis, market penetration plans and franchise placement strategies and existing franchise commitments. You must obtain our prior written approval for the site of the Studio and your lease related to it. Our response to your request for approval of a site will be given within 30 days after we receive your written request.

If you and we cannot agree on a site for your Studio, we may terminate the Franchise Agreement by refunding to you the Initial Franchise Fee.

Some Organic Bronze Bar franchises may be placed at a location where another, separate business is operated under another business name, such as a health club or physician's office. If the Studio is at that type of location, it will be deemed "co-branded" for the purposes of this Agreement. [Exhibit ____ to this Agreement is the "Co-Branding Addendum" for operation of the Studio.] If the Studio is located in a co-branded location, the exact basis and calculation of gross revenue will follow the requirements and procedures we outline in the Operations Manual. If the Studio is in a co-branded location, you will obtain and keep, or make arrangements for us to have access to, a complete and accurate set of books and records of the operation of all businesses operated at and all business done through the co-branded location, although Revenue will be limited to Organic Bronze Bar related receipts. If the Studio is located in a co-branded location, we may enter upon the Studio at reasonable times to interview co-branded partners and to inspect and copy any books, records and documents related to the co-branded location in order to verify your compliance with the terms of the Franchise Agreement. The Operations Manual contains additional information about co-branded locations.

Among other things, we may require as a condition to our approval of your purchase of additional franchises from our existing franchisees or affiliates, or your purchase of additional franchises from us that you sign a

2 - ORGANIC BRONZE BAR FRANCHISE AGREEMENT

general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

You may not establish or operate any other Organic Bronze Bar establishment without executing a separate Franchise Agreement for that facility.

1.2 **One Location for Studio.** You will operate the Franchise at only one location within the Franchise Territory. All land, buildings, and improvements at the location, including parking, are part of the "Studio." Relocation of the Studio will require our prior written approval. Among other things, we may require as a condition to our approval of your relocation or of your purchase of additional franchises from our existing franchisees or affiliates, or your purchase of additional franchises from us that you sign a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

1.3 **Assistance in Site Location.** You are responsible for finding the location of the Studio within the Franchise Territory. If you request assistance in selecting a site for the Studio, we will provide reasonable assistance in finding a location acceptable to you. If you choose to use an independent agent for site selection, the agent must be approved by us and follow the site selection criterion in the Operations Manual. We do not guarantee success for any location you select. We will not be liable for any consequences of your choice of any franchise site. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a franchise site. It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements.

Prior to entering lease negotiations, we must have reviewed and approved site. You acknowledge and agree that any location we select or approve, and any lease we approve will be with the understanding that it meets our minimum acceptable criteria. The criteria are not a representation or guarantee that the location will be successful or that the terms of the lease are reasonable. You acknowledge that you are responsible for reviewing and determining the appropriateness and desirability of the lease. We will have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any site recommendations we make.

You will pay all out-of-pocket expenses for travel, meals, and lodging we incur to help you locate sites and to negotiate a lease for you. You will bear all other site selection and negotiation expenses.

Before you enter a lease or purchase agreement for the Studio, you will submit the lease or purchase documents to us for approval. Lease documents must include [the Studio Lease Agreement Rider attached in Exhibit 3 or otherwise include] an assignment of the lease in a form we approve, pursuant to which we may assume the lease as provided in Section 4, below.

1.4 **Studio Development.** You will be responsible to construct, remodel, furnish, decorate and equip the Studio.

- A. We will furnish to you standard construction plans and a schedule of interior finishes and equipment packages for the Studio. All costs for site-specific plans will be your responsibility. Site plans, and any modifications to them, must be approved in writing by us prior to construction. All approvals will be solely within our discretion to maintain a uniform image and decor, consistent with Organic Bronze Bar franchise system concepts.
- B. Any construction and remodeling must be done by licensed contractors in a sound and workmanlike manner in compliance with applicable codes and regulations.

- C. You will comply with the standards and specifications we establish for architectural design, Studio layout, equipment, furnishings and fixtures, among other things. Modifications or variations require our prior written consent.
- D. You will comply within a time we deem reasonable with any requirement we impose to modify the Studio layout, furnishings, fixtures, equipment, decorations, and décor to conform to our then current standards. In any calendar year, such modifications will not result in direct out-of-pocket costs to you of more than **\$10,000**, with a total maximum cap of not more than **\$30,000** over the term of this Agreement.
- E. All equipment will conform to our equipment specifications as adopted from time to time. If we require any changes in or additions to equipment, you will modify, replace or add to your existing equipment at your sole expense.

1.5 **Relocation of the Studio.** You will not relocate the Studio without our prior written approval. Any relocation will be at your sole expense. This Agreement will govern your operations at any replacement Studio. You may decide to relocate the Studio for the following reasons:

- ☐ If the lease for the site of the Studio expires or terminates and cannot be renewed during the term of this Agreement,
- ☐ the site is destroyed, condemned or otherwise rendered unusable,
- ☐ in your and our judgment there is a change in character of the location of the Studio sufficiently detrimental to your business potential to warrant its relocation, or
- ☐ you reasonably decide to relocate the Studio for cause.

If so, you may relocate the Studio to another site within the Franchise Territory, if:

- A. you are not in breach of this Agreement;
- B. your lease was not ended by the lessor because of your breach of the lease agreement;
- C. you evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
- D. you develop, construct, remodel, furnish, decorate and equip, at your sole expense, the new location according to our then current specifications and standards;
- E. you pay all reasonable out-of-pocket expenses we incur because of the relocation. The term "Studio" will include the relocated business site; and
- F. you satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

1.6 **You Will Not Advertise Outside Territory.** Except with our prior written permission, you will not place, under any circumstances, advertisements using the Service Marks in or originating from any area other than the Franchise Territory.

Except as otherwise provided in this Agreement or the Operations Manual, you may not directly market to or solicit customers whose principal home address or place of business is outside the Franchise Territory. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except

with our prior written permission. All Internet marketing is part of our multi-area marketing programs described in the Operations Manual and defined below, and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site. You may not independently market using any digital, electronic or computerized form or any form of media now or in the future developed (e.g., materials to be made available through the internet, interactive electronic transmissions, etc.). For the purposes of this Agreement, "Internet" means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANS.

Except as authorized in Section 2.4 of this Agreement, only we may place national or regional advertising.

1.7 **Existence of Divergent Forms of Franchise Contracts.** You acknowledge that we have offered franchises to others in the past the terms of which may have varied materially from those set forth in this Agreement.

1.8 **Rights We Reserve.** We retain all rights not specifically granted to you under this Agreement. Except as otherwise provided in this Agreement, we retain the right, in our sole discretion and without granting any right to you:

- A. to use or license the use of the Service Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by you under this Agreement. We expressly reserve the right to sell, or earn rebates and fees from the sale by others licensed or authorized by us to sell, proprietary products on a wholesale basis for use in preparing products that will not carry an Organic Bronze Bar brand.
- B. to operate and grant to others the right to operate Organic Bronze Bar businesses outside the Franchise Territory on such terms and conditions as we deem appropriate.
- C. to sell products or services anywhere, including within the Franchise Territory through channels of distribution other than the Organic Bronze Bar retail business currently reserved to you in the Franchise Territory, including Internet, other forms of media now or in the future developed, wholesale and mail order channels. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.
- D. to establish, operate, own or franchise any business, including competitive businesses, outside of the Franchise Territory.

1.9 **Maximum Pricing.** We will, to the extent permitted by relevant law, establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell. Except as so specified by us or as otherwise required in this Agreement and in the Operations Manual, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale.

2 **PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS**

2.1 **Initial Franchise Fee.** The Initial Franchise Fee is **\$32,000**. You will pay the Initial Franchise Fee to us when you sign this Agreement in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others.

5 - ORGANIC BRONZE BAR FRANCHISE AGREEMENT

Except as provided in Sections 3.1 and 4.1 below, none of the Initial Franchise Fee is refundable.

2.2 **Continuing Service and Royalty Fee.** Commencing on the 91st day of operations, you will pay to us a Continuing Service and Royalty Fee equal to **8%** of the total Gross Revenue derived from the Franchise. This payment is due monthly in the manner specified below or as otherwise prescribed from time to time in the Operations Manual described in Section 5, below.

This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet.

We reserve the right to require you to process some or all membership applications, payment plans submitted by your customers, together with the related automatic account withdrawal, automatic payment, credit and debit card payment, automatic pre-authorized payment plan, electronic funds transfer and other forms of direct or Internet payment, through service providers and using processes we designate and outline in the Operations Manual. We may take product purchase and other payments you owe to us out of the automatic payments made by your customers and remit to you the balance. The companies we designate to process memberships and related payment arrangements may include companies that are affiliated with us or in which we or our owners otherwise have ownership or control. If we elect, the designated companies may charge you not more than 5% for the service and will allocate and distribute payments received to you, while delivering to us all related royalty, advertising and other fees as outlined in this Agreement and pursuant to the processes we outline in the Operations Manual.

2.3 **Brand Fund Contribution.** You will pay to us a monthly Brand Fund Contribution equal to **1%** of your Gross Revenue. This payment is due monthly in the manner specified below or as otherwise prescribed from time to time in the Operations Manual described in Section 5, below.

This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet.

We will review and maintain local, regional, national, Internet, or international advertising as we in our sole discretion deem appropriate for you and for the Organic Bronze Bar franchise system. This may include:

- A. maintaining, administering, researching, directing and preparing advertising and promotional activities (including, among other things, the costs of preparing and conducting television, radio, magazine and newspaper advertising campaigns, public relations programs and press releases);
- B. direct mail and outdoor billboard advertising;
- C. marketing research and development;
- D. marketing surveys and public relations activities;
- E. development and maintenance of any Internet or e-commerce programs;
- F. marketing materials;
- G. decor and promotional materials;
- H. artwork; advertising services;
- I. training related to marketing, customer service and sales augmentation;

- J. production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations; and
- K. our reasonable salaries, accounting, collection, legal and other costs related to all of the above.

We may place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

2.4 **Brand Fund and Advertising Standards.** We have organized a Brand Fund (the "Fund") in which we will place any brand fund contributions or other advertising fees we receive from our franchisees together with amounts we decide to spend on advertising and promotion. You recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Organic Bronze Bar system and the Method of Operation.

The Fund will be administered by us. We will direct all local, regional and national advertising programs. We will have sole discretion over the creative concepts, materials, endorsements, placement, and allocation of moneys from the Fund. The Fund will be used to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we will in our sole discretion deem proper. It also will be used to cover our costs of collecting and administering the advertising fees we collect from our franchisees, including incurred legal fees. The Fund will be used to pay for joint marketing programs, including programs with our suppliers, sister corporations and co-branding partners. We are under no obligation to administer the Fund to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We will not be obligated to expend all or any part of the Fund during any specific period of time. Upon your written request, we will provide to you the most recent annual accounting of the Fund.

The Fund may be used for marketing, advertising, public relations, production and media expenses related to promotion of the Service Marks, our franchise system and our products and services. The Fund may also be used for operational, administrative, office, rent, automobile, and collection expenses. We may use part of the Brand Fund for franchise sales, and may include references to the availability of franchises in materials produced and placed in media by the Fund.

We may create an advertising advisory board made up of Organic Bronze Bar franchisees. These franchisees will make recommendations on your behalf as to types of advertising, promotion and public relations. We will use these and other recommendations which we feel are appropriate when drafting a budget and program each year for the Fund.

A. **We Will Administratively Segregate Advertising Contributions.** The Brand Fund will be administered as follows:

1. We will administratively segregate all advertising payments paid to us. All payments to the Brand Fund will be deposited in our general operating account; will be commingled with our general operating funds; and will be deemed to be our asset, subject however to our obligation to expend it in accordance with the terms of this Agreement.
2. Our books and records relating to the Brand Fund will be available for your inspection during our normal business hours, upon reasonable notice.
3. If the Fund has excess money, we may borrow from the Fund and will pay interest to the fund equal to the rate at which we may borrow on our line of credit or, if none exists, at the prime rate. If the Fund borrows money from us, it will be charged and will pay interest to us on the same basis.

4. Although we intend the Fund to be of perpetual duration, we maintain the right to terminate the Fund. The Fund will not be terminated, however, until all monies in the Fund have been expended.
5. An accounting of Fund contribution and expenditures will be prepared annually and will be made available to you upon request. Such accounting may include an audit of the contributions to and expenditures of the Fund prepared by an independent certified public accountant selected by us, at the Fund's expense.

B. You are Not a Third-Party Beneficiary of the Brand Fund. We will have the sole right to enforce the obligations of you and all our other franchisees, who contribute to the Brand Fund. Neither you nor any other of our franchisees who are obligated to contribute to the Brand Fund will be deemed a third-party beneficiary with respect to the Fund or have any right to enforce any obligation to contribute to the Fund.

C. Restrictions Upon Use of Brand Fund Proceeds. We may not expend any portion of the Brand Fund to defray our general operating expenses, salaries, administrative costs, or overhead except as directly relating to the administration or operation of the Brand Fund.

D. Discretion in Use of Brand Fund. In our sole subjective discretion exercised in good faith, we will determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to the advertising, public relations, marketing, market research and promotional campaigns. In our sole discretion, we will have the right to expend the Brand Fund in any geographic area that we, in good faith, deem appropriate, regardless of the geographic distribution of our franchises. We may use portions of the Brand Fund as we deem appropriate as a contribution to joint or collective advertising campaigns of the suppliers of franchise equipment, inventory and supplies.

E. Establishment of Advertising Programs. At any time and from time to time, we will have the right to create or modify advertising regions for the purpose of establishing regional advertising, marketing and promotional programs. We will promptly notify you and our other franchisees, of the establishment, modification and geographical boundaries of regional advertising regions. We may require all franchisees located within each geographic region to meet periodically for the purpose of creating and establishing regional advertising programs. Each franchise unit, and each unit we own and operate, will be entitled to one vote at these meetings. For the purpose of this subsection, each unit we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, **65%** of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional Brand Fund in the amount established by the vote (the "Regional Brand Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Brand Fund in excess of **2%** of that franchisee's Gross Revenue. The contributions will be credited against each franchisee's Local Advertising Contribution.

We will administer each Regional Brand Fund in the manner and upon the terms and conditions we outline in the Operations Manual. Alternatively, each Regional Brand Fund will be administered pursuant to standards and procedures outlined in the Operations Manual by representatives elected by each region, at a meeting we call for this purpose.

F. We May Advertise "Suggested Retail Prices". In national or regional advertising programs, we may include "suggested retail prices" for the goods or services sold by you and our other franchisees. We will include within all our advertising the phrase "available at participating locations only" or other cautionary language to advise the consumer that the suggested prices may not be adhered to by all our franchisees. We may compel you to charge "suggested prices" to the extent permitted by state and federal laws and regulations.

G. Discount Programs. From time to time, we may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within **5** days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion, and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program.

We may develop and market special promotional items which will be made available to you at our cost plus a reasonable mark up. You will maintain a representative inventory of such promotional items to meet public demand. You will have the right to purchase alternative promotional items provided that alternative goods conform to our specifications and quality standards. You must fully and accurately participate in, honor, accept and redeem all promotional and marketing materials that we authorize.

H. Your Obligation to Advertise Locally. You will expend in your local market at least **2%** of your Gross Revenue to advertise and promote the Franchise (the "Local Advertising Contribution"). You will report the nature, extent and amount of these local expenditures, in the form and at the times we require in the Operations Manual.

Association with Causes; Co-Branding. You cannot, without first receiving our written approval, in the name of your franchise business or in any manner associated with the Service Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non-profit organization, cause, or position; or (ii) act in support of or against any such organization, cause, or position. You cannot "co-brand" or use the Service Marks or your franchise business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

I. You Are to Use Local Advertising Materials We Supply. We will have the right to approve or disapprove the content of all of your advertising. From time to time, we will supply to you an Advertising component to the Operations Manual which will contain samples of local advertisements we approve. You will use only the advertising materials contained in the Operations Manual, and may not, without our prior written consent, place any advertisement, in any media, which materially varies from the form and content of the approved advertisements in the Operations Manual.

J. Website and E-Commerce. All Internet and social media marketing are part of our marketing programs described in the Operations Manual and defined below, and must be coordinated through us and approved by us. You may not market independently on the Internet or in social media or acquire an independent Internet domain name or web site. You may not independently market using any digital, electronic or computerized form or any form of media now or in the future developed (e.g., materials to be made available through the internet, interactive electronic transmissions, social media, etc.). For the purposes of this Agreement, "Internet" means any of one or more local or global interactive communications media, that is now available, or that may become available, and successor technology to the internet and or wireless communication, and includes web sites and domain names and social media, and the successor technology to internet, web sites, web page or wireless communication and social media. Unless the context otherwise indicates, Internet includes, but is not limited to, online document completion and purchasing systems, and methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

You specifically acknowledge and agree that placing any information related to the Franchise or the Studio on a web site or in social media will be deemed “advertising” under this Agreement and will be subject to (among other things) our approval. (As used in this Agreement, the term “web site” 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 franchise, proprietary marks, us or the Method of Operation. The term web site includes, but is not limited to, Internet and World Wide Web home pages and social media.) In connection to any web site and social media, you agree to the following:

1. We will allow you to establish a web page as part of our web site.
2. You will not establish or use any other web site or web page or social media without our prior written approval.
3. Before establishing the web page or any other web site or social media, you will submit to us a sample of the content, format and information in the form and manner we may reasonably require.
4. In addition to any other applicable requirements, you will comply with our standards and specifications for web sites as prescribed by us from time to time in the Operations Manual
5. If you propose any material revision to the web page or site or any of the information contained in the web site or social media, you will submit the revision to us for our prior written approval.
6. You will use only approved key words, meta tags and titles pertaining to our industry.
7. You may only offer approved products or services on your web page or site.
8. We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements and social media. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent.
9. Subject to the terms of use on our web site and social media, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.
10. We have established or may establish in the future an intranet or comparable on-line facility. You must use it in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials or otherwise communicate with you via the Internet or the intranet. At your sole expense, you will maintain and update as needed all computer system requirements and services necessary to access the Internet and the intranet in the manner we require. You are required to have DSL or other high speed Internet service to your business or home office where you will be able to access

downloads from us of advertising materials, operations manual revisions, training materials and corporate news.

K. Local Advertising Materials Used at Your Discretion. You will advertise your franchise in a dignified manner to enhance our franchise system's reputation for quality and integrity. At any time and from time to time, we may require you to submit to us advertising copy, promotional materials, public relations programs and press releases you use in your local advertising programs. If, after review of any material, we, in good faith, believe that it is not in keeping with our franchise system's reputation of quality and integrity, or degrades or debases the good will or reputation of the franchise system, we will promptly notify you. You will immediately cease using any such material.

L. Varying Advertising Contributions. You understand that certain of our other franchisees do or will operate under different agreements with us. These franchisees may be required to contribute to advertising, if at all, at rates that differ from the rate provided in this Agreement or based on formulae that differ from the formulae provided in this Agreement. We do not represent that you or other franchisees will contribute to or benefit from our advertising equally.

M. Your Grand Opening Expenditures. Within **30** days after commencement of the Franchise, you will conduct a grand opening advertising program in accordance with the provisions of the Operations Manual. You will expend not less than **\$2,000** for advertising and promotional materials, in connection with the grand opening program.

2.5 "Revenue" Defined. "Revenue" means all receipts generated by the Franchise from any source, including, but not limited to, sales, rentals, vending, exchanges, services, labor, service charges, service contracts, any other type of remuneration, gift, contra-deal, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Revenue."

"Gross Revenue" means the total Revenue for any calendar month. If the Studio is located in the premises of a health club, physicians' office or other co-branded location, the exact basis and calculation of Gross Revenue will follow the requirements and procedures we outline in the Operations Manual to take into consideration the needs and requirements of the co-branded location although Revenue will be limited to Organic Bronze Bar related receipts. The exact basis and calculation of gross receipts will follow the requirements and procedures outlined in the Operations Manual to take into consideration the needs and requirements of the co-branded location. You will obtain and keep, or make arrangements for us to have access to a complete and accurate set of books and records of the operation of all businesses operating at and all business done through the co-branded location although gross receipts will be limited to Organic Bronze Bar related sales.

2.6 You Will Pay Taxes and Indebtedness. You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Studio, or inventory, materials, fixtures, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you at the Studio, you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Continuing Service and Royalty Fee, or any other payments you make to us pursuant to this Agreement.

You acknowledge that one of the benefits accruing to you and all of our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay in making prompt payment in accordance with the terms of the invoice or statements rendered to you for payments due, or misdirection of supplies or other abuses will result in a loss of credit standing and goodwill and a

loss of benefits derived to us and other franchisees using the Method of Operation. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements and to make timely remittances of rent as required on your lease.

2.7 Continuing Service and Royalty Fees, Local Advertising Contributions, and Other Sums to Be Paid Promptly. You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

A late charge will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charge will equal **1.5%** per month. In addition, late payments will be subject to a late payment penalty of **5%** of the amount due. These late charges and late payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

2.8 Records. You will keep a complete and accurate set of books and records of the operation of the Franchise, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and furnish copies of these statements to us within **30** days after the end of each quarter.

You will furnish to us as outlined in the Operations Manual an itemized report of the Gross Revenue for the prior month. This report must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand from time to time. All Fees due based upon the Gross Revenue for the preceding month will accompany the report. If you fail to deliver any report in a timely fashion, we may unilaterally estimate the Continuing Service and Royalty Fees you owe and we may draw such fees from your accounts pursuant to automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual. The estimates will be based upon your historically reported Gross Revenue and our experience with other franchised and company owned locations. These withdrawals will be adjusted to reflect actual amounts owed, once reasonably determined. If the Studio is in a co-branded location, you will maintain and keep, or make arrangements for us to have access to, a complete and accurate set of books and records of the operation of all business done through the co-branded location, although Revenue will be limited to franchise related receipts.

You will keep records of all business done and Revenue received through the Franchise. These records will include, but are not limited to, order sheets, cash register tapes, sales and rental agreement forms, daily sales summaries, tax returns, financial statements, and invoices. You will date, file in consecutive order, retain for a period of **5** years, and make available to us for inspection and audit all of your records.

Our right to inspect will include the right to examine your books, tax returns and records of other businesses owned, in whole or in part, or operated by you to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We may establish a uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require. You agree to maintain your books and records in the manner we require. You will submit to us financial and operational reports and information as we may require to (i) provide you with consultation and advice in accordance with this Agreement; (ii) monitor your compliance with the obligations to pay fees on actual Gross Revenue; (iii) monitor performance under this Agreement generally and your purchases, revenue, operating costs, expenses and profitability; (iv) develop chain-wide statistics; (v) develop new operating procedures; (vi) develop new proprietary products, remove unsuccessful authorized products, including unsuccessful proprietary products, and improve and enhance the Method of Operation; and (vii) implement changes in the Method of Operation to respond to competitive and marketplace changes.

You will submit to us a list of all shareholders, members, partners or other owners of the franchise business and the respective interests held by each as of the end of each fiscal year. Provided, however, if your shares are publicly traded, the list of shareholders required will include only those owning **5%** or more of the shares outstanding. The required report will be submitted to us within **90** days after the end of your fiscal year.

2.9 Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than **2%** or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Continuing Service and Royalty Fees, Local Advertising Contributions and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid.

2.10 You are to Pay all Franchise Costs. All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Service Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will control your own employees and contractors. You will take all steps necessary to maintain a safe and healthy environment for your workers and customers. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will control your own employees and contractors. You will take all steps necessary to maintain a safe and healthy environment for your workers and customers.

You will pay all of the operating expenses of your franchise business in a timely manner. You understand and agree that your failure to do so could materially harm the reputation of Method of Operation and of the Service Marks and our ability and the ability of our franchisees to obtain favorable purchase, lease or finance terms. If you have a bona fide dispute with any supplier or vendor which you believe justifies non-payment or partial payment, you must promptly notify the supplier or vendor of the particulars of your claim and diligently pursue resolution of the claim or prosecution of appropriate legal action. Any trade debt which remains unpaid for more than 30 days after the date it is due will constitute a breach of this Agreement unless, before the end of the 30-day period (i) you and the supplier or vendor agree to alternative payment

terms; or (ii) you initiate appropriate legal action to contest the trade debt. We will have no liability for your debts or obligations to third parties.

2.11 **Attendance at Conventions.** We may hold conventions for the franchisees that make up our franchise system. These conventions may be held at a different location each time. They include programs on sales and marketing techniques, performance specifications, advertising programs, training suggestions, and committee elections, among other things. Your attendance at each convention is strongly encouraged. You will bear all expenses of attending, including travel, lodging, meals and entertainment.

2.12 **Application of Payments.** We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

For the purposes of this Agreement, and all other instruments and agreements relating to it, we will have the right to treat any payment received from you as payment on account. We may apply any monies received from you in the following priority:

- a) to the payment of any sales or use taxes required to be paid in connection with any dealings between you and us pursuant to this Agreement;
- b) to the payment of interest on overdue amounts;
- c) to the payment of accrued late charges;
- d) to the payment of overdue or outstanding amounts;
- e) to the payment of current Continuing Service and Royalty Fees;
- f) to the payment of current Marketing Fund contributions;
- g) to the payment of the purchase price for all or any items you purchase from us or Organic Bronze Bar suppliers, and
- h) to the payment of rent and any other amounts payable by you to us, in any order that we, in our discretion, decide and notwithstanding any contrary designations by you as to the application your payments.

3 **TRAINING**

3.1 **Mandatory Training.** We will provide a mandatory training course for you or your franchise managers at a location we will designate. This training course will cover all aspects of the operation of the Franchise, including financial controls, marketing techniques, service methods, deployment of labor, and maintenance of quality standards. You or the manager will complete the course no later than **8** weeks prior to opening the Franchise for business. You must ask us to schedule a training session for you or the manager at least **35** days before the session is to start. You or the manager must complete this mandatory training program to our exclusive satisfaction or we may terminate this Agreement and retain the Initial Franchise Fee. You are encouraged to begin training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you or your manager fails to satisfactorily complete the mandatory training course.

You will pay the transportation, board and lodging expenses you or the manager incur related to this training. Depending upon our analysis of your training needs, generally the training course will be not less than **3** days long. Training and training materials may be delivered in the formats or media we choose. This may include course books or training exercises on paper, video, CD-ROM or other electronic format, via

web cast or an intranet. You will participate in and pay for the training, including costs of computer equipment and Internet services needed to participate.

If the Franchise is managed by any persons other than you, you will notify us of these managers. Each manager you hire must successfully complete the mandatory training program within **one** month after being hired or such other time frame as outlined in the Operations Manual. You will bear all costs of the training, including a reasonable training fee at our then current rates. Each of your employees will complete a training program as prescribed in the Operations Manual. All training programs for your employees will be conducted under the direction of you or your designated manager who has successfully completed the mandatory training course.

Individuals:

If you will be operating your franchised business as an individual, we strongly recommend that you devote your full time and best efforts to the day-to-day operation of your franchised business with no operational or management commitments in other businesses except other franchises offered by us.

Partnerships:

If you will be operating your franchised business as a partnership, one or more partners must participate in the actual day to day operation of your franchised business or you must have in your employ a manager who runs your day-to-day operations. The partner or partners who are in charge of running your franchised business or your manager must have successfully completed our training course.

Corporations, Limited Liability Companies:

If you will be operating your franchised business as a corporation, limited liability company, or other legal entity, you must have in your employ a general manager. This general manager can be you, any member of your board, an officer of your corporation or member of your limited liability company. The general manager who is in charge of running your franchised business must have successfully completed our training course.

Managers/Training:

No matter what form of business you decide to use, the person assigned to running the day-to-day operations of the business must have completed our training course and must, in our view, have a sufficient command of the English language to serve customers and conduct business with us, with suppliers and with other parties. Anyone in your employ who is a manager or crew leader of your franchise operations must also have completed our required training course.

3.2 **Supplemental Training**. At any one time during the term of this Agreement, usually prior to the time the Franchise has opened for business and upon not less than **35** days prior written notice to us, we will provide the full-time services of a trainer at the Studio for up to **3** one-day sessions to assist with employee training, form use, Studio decor, merchandise display, sales and service assistance, and use of the Operations Manual. We will bear the trainer's expenses for this assistance.

At your option and upon not less than **35** days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates.

This additional training consists of visits to our training centers and franchises, work experience, and

observation of franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees, independent agents or master franchisees to conduct some or all of your training.

From time to time, we may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to **20** hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future.

4 COMMENCEMENT OF OPERATIONS

4.1 Time to Complete Training and Commence Operation. You or your manager will complete to our exclusive satisfaction the mandatory training defined above, find a site location that is acceptable to you and approved by us, and commence full and continuous operation of the Franchise within **120** days after execution of this Agreement. Prior to commencing operation, you will procure all necessary licenses, permits and improvements and purchase initial inventory. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a period of time that is reasonable under the circumstances.

If this training, site location and commencement of operation obligation is not fulfilled, we may terminate this Agreement and retain the Initial Franchise Fee.

4.2 You Are to Obtain Permits and Licenses. Prior to commencing business operations, you will obtain all local permits and licenses necessary to operate the Franchise. You will comply with all of the provisions of all other applicable federal, state or local statutes, rules or ordinances.

4.3 Lease Assumption and Real Property Security Assignments. Unless otherwise agreed in writing, any lease you enter into will provide that you may assign that lease to us without penalty or charge. The lease will further provide that upon termination or expiration of this Agreement, we will have an option, exercisable within **30** days after termination or expiration, to be substituted for you in all respects under the lease and to sublease the premises to another franchisee. You will deliver to us a true copy of the lease and any additions or amendments to it promptly after they are executed.

If you own the premises used for the operation of the Franchise, you will not mortgage, pledge, or otherwise assign as security the premises during the term of this Agreement without our prior written approval. Upon termination or expiration of this Agreement, you will give us a reasonable and good faith opportunity to lease the premises and to continue business operations there. The fair value of and fair terms for the lease and for all related equipment, fixtures, signs, equipment leases and personal property will be determined in Portland, Oregon by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the lease and fair terms for the transaction. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option we may enter into the lease at the price and upon the terms determined by the appraisers.

Any lease or sublease of the Studio will contain substantially the following provisions (see the Studio Lease Rider attached in Exhibit 3):

- A. Anything contained in this lease to the contrary notwithstanding, lessor agrees that without lessor's consent, this lease and your right, title and interest, may be assigned by you to us, without cost or penalty.
- B. You agree that lessor may, upon our written request disclose to us, all reports, information or data in lessor's possession respecting sales made in, upon or from the leased premises and your business operations.
- C. Lessor will give written notice to us (concurrently with the giving of notice to you) of any breach by you under the lease. We will have the right (but not obligation), in our sole discretion, to cure any breach at your expense within **15** business days after the expiration of the period in which you had to cure the default. Notice will be sent to the address we may, from time to time, specify in writing to lessor.
- D. A provision reserving to us the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of this Agreement.
- E. Evidence of your right to display the Service Marks in accordance with the specifications required by the Operations Manual, subject only to the provisions of applicable law.
- F. The premises will be used only for the operation of an **Organic Bronze Bar** facility.
- G. You will not extend, renew or cancel the lease without our prior written consent, which consent will not be unreasonably withheld.
- H. An express right of de-identification in the following form:
Upon termination or non-renewal of this Lease, Tenant may de-identify the leased premises. If Tenant fails to do so, OBB Franchising LLC is given the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by OBB Franchising LLC; and any other steps necessary (in the sole discretion of OBB Franchising LLC) to effectively distinguish the formerly leased premises from OBB Franchising LLC's proprietary design(s).

If we cure any breach by you under the lease or sublease, the total amount of all costs and payments we incur in effecting the cure will be immediately due and owing by you to us.

If we exercise our right to assume your lease, we will notify you and the landlord. In such event, you agree to bring all obligations under the lease current as of the date of possession by us as well as to indemnify us against all losses and costs arising by virtue of, attributable to, or in any way related to the period of your possession of the premises. All taxes, utilities and rentals will be prorated between us and you as of the date of our possession. We will not be obligated to pay your arrearages. After the date of possession, we agree to indemnify you against all lease obligations solely attributable to the period of our possession of the premises. You agree that no compensation for the lease is payable by us to you unless the premises are owned by you. The lease will be transferred to us without the payment of any kind of you by us for the lease other than the indemnification provided above.

5 **FRANCHISE STANDARDS OF OPERATION**

5.1 **Operations Manual, Minimum Inventory, Supplies, Decor, Plans and Specifications, and Public Relations.** Continuous efforts to maintain, update and improve the Method of Operation are essential. The developments we will make for the benefit of our franchise system as a whole are

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contemplated throughout the term of this Agreement. The continuous development of the Method of Operation in this manner is an important and beneficial aspect of the relationship you want to have with us. We agree to lend to you a copy of the Organic Bronze Bar Operations Manual once you have paid to us the Initial Franchise Fee, in full. The Operations Manual describes the Method of Operation, including specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, inventory requirements and control techniques, plans and specifications, fixture and decor requirements, co-branding requirements, opening public relations and other rules that we may prescribe from time to time and identify as part of the Operations Manual. Among other things, the Operations Manual may contain information, requirements and standards related to:

- ☐ Planning and consulting
- ☐ Site selection assistance
- ☐ Permitting and zoning assistance
- ☐ Management training and assistance
- ☐ Facility design assistance
- ☐ Tenant build-out assistance
- ☐ Furnishing and fixture design and standards
- ☐ Equipment standards and assistance
- ☐ Computer programs for point of sale, marketing, accounting, scheduling and reporting
- ☐ Inventory management assistance and training
- ☐ Written operations standards and assistance
- ☐ Initial and ongoing operational training
- ☐ Management and employee training
- ☐ Marketing and advertising
- ☐ Standards, ongoing training and ongoing support
- ☐ Insurance guidance and standards
- ☐ Recipes and ingredients

The Operations Manual includes materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of your franchise, including user manuals and related instruction materials. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. The Operations Manual may be delivered to you by hard paper copy, computer diskette, CD-ROM, via an intranet or other downloading mechanism to your computer or via another medium chosen at our discretion.

The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement. The Operations Manual, in part, may consist of confidential:

- A. manual or manuals, and
- B. any Intranet or password protected portion of an Internet site, and
- C. any other embodiment of the Methods of Operation, including notices of new standards and techniques including all media identified by us as part of the Operations Manual, and
- D. any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

We develop minimum requirements for equipment and products, merchandise, inventory, supplies, stationery, business forms, advertising, decor, plans and specifications, materials, fixtures, and signs, among other things. These requirements are outlined in the Operations Manual. You will purchase all

initial inventory items and additional items specified from time to time in the Operations Manual. We may amend the Operations Manual, including changes which may affect minimum requirements for your franchise operations. You will strictly adhere to the requirements of the Operations Manual as we amend it from time to time. You will implement immediately all changes at your cost, unless we otherwise specify. We reasonably may restrict you from producing, stocking, and selling certain services and goods, from time to time, as specified in the Operations Manual.

You must purchase items that bear the Service Marks from us or suppliers we approve from time to time. Proprietary items and supplies may be private labeled by us.

We retain the right to make a reasonable profit on any items, supplies and materials you buy from us. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you.

We may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts. We will accumulate them, annually account to the Organic Bronze Bar franchise system for them and either add them to the Brand Fund or use them for programs that benefit all franchisees such as conventions and administration of purchasing programs, use them to provide supplemental training and promotional services to Organic Bronze Bar franchisees, or return them at reasonable times to all Organic Bronze Bar franchisees pro rata, based upon the volume of related business.

There are no required quotas as to quantity of purchases you must make from us or from approved vendors; however, you must have enough supplies on hand to meet customer demand. If you elect to purchase equipment, inventory, and supply items from us at our then current prices, payment must be made when you place your order. The items we offer may include among other things equipment, merchandise, and supplies that bear the Service Marks. You may offer these Trademark bearing items only at the Studio to retail customers.

We employ purchasing staff for negotiating on products to be utilized in your Studio. In addition, we may use the services of a third-party firm that specializes in product procurement to negotiate on our behalf. The full costs, including travel, support, overhead and benefits of these personnel, and the fees charged by the third-party firm, will be deducted from any rebates, commissions, free goods or other remuneration we receive based upon your purchases and the purchases of other franchisees. If the cost of these personnel exceeds the rebates, commissions, free goods and other remuneration, we will absorb the excess from our own accounts.

Any products and goods sold, licensed, or leased by or through us to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY YOU FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.**

We will not be liable to you if we are unable to deliver equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

You will purchase all products, supplies and materials required for the operation of the Franchise from manufacturers, suppliers or distributors approved by us. All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, in our discretion, disapprove in writing at any time.

You are required to maintain an inventory of authorized and approved equipment and supplies sufficient in quantity to satisfy customer demand.

With advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to quality, taste, texture, composition, absorbency, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control and confidential formula requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, systems and formulas will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We may require a Confidentiality and Non-Disclosure Agreement signed by the proposed supplier prior to release of any confidential information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 90 days of our receipt from you of your written notice of request for approval.

From time to time, we or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we determine that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within **30** days, the manufacturer, supplier or distributor will no longer be approved.

One of the benefits accruing to you and all our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of fixtures, signs, equipment, food and nonfood products, beverages, supplies and other inventory items, or you misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all such invoices and statements in accordance with their terms.

5.2 **Standards to Be Maintained.** You will follow the Method of Operation and maintain standards of product preparation, merchandising, and service that we prescribe.

A. You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. The Studio will be used only as an Organic Bronze Bar Franchise. You will only use signs, fixtures, equipment, materials, products, inventory, decor, plans, and services that conform to our specifications to conduct the franchise.

Customer Dispute Resolution. You acknowledge that customer satisfaction is essential to your success as well as the reputation and success of the Method of Operation and our other franchisees. Accordingly, you agree to: (i) use your best efforts to ensure the satisfaction of each of your customers; (ii) use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; (iv) use your best efforts to promptly and fairly resolve customer disputes; and (v) within seven days of receiving our request, provide to us a written summary of the dispute. If you fail to resolve a dispute with a customer, for any reason whatsoever, we, in our sole discretion and for the sole purpose of protecting our goodwill and reputation, may (but are not be obligated to) investigate the matter and take such action as we deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on your behalf. Within ten days after receiving notice, you will reimburse us for any amounts refunded to a customer on your behalf. Nothing contained in this Section or any other provision of this Agreement may be construed to impose liability upon us to any third party for any action by or obligation by you.

B. You will maintain signs approved by us on the Studio. These signs must comply with local sign ordinances, regulations and laws. The signs will describe the premises only as a franchise operating pursuant to this Agreement. You will apply only decals and logos approved by us on your vehicles, signs and equipment. You will keep your signs clean and legible and free of tears, paint problems, punctures, cuts, and graffiti.

C. We may enter upon the Studio at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may:

1. Inspect the Studio;
2. Observe your operation of the franchise business for any consecutive or intermittent periods we deem necessary;
3. Select items, ingredients, products and other materials, services, equipment, operations and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards;
4. Interview your personnel, customers, vendors and co-branded partners; and
5. Inspect and copy any books, records and documents related to the operation of the franchise, the co-branded location and any other franchise information we may require.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. You expressly waive any rights of privacy or confidentiality you have with your personnel, customers, vendors and co-branded partners in reference to these inspections, observations and interviews.

D. You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities on the Studio and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, dispensing of food products, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes.

E. You will not install or use any vending machines, juke boxes, games or musical devices in the Studio without our prior written approval.

F. You will not sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

G. You, at your expense, will maintain the interior and exterior of the Studio and equipment and furnishings in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our request, you will make necessary repairs to the Studio in order to maintain uniform appearance and to protect the reputation of the Service Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion. You will not make any change in the layout and decor of the Studio without our prior written approval.

If you do not maintain the Studio as required, after notice to you, we at our option may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including but not limited to, liability for interruption of your business during the course of making the maintenance and repairs.

H. You will keep your franchise open for business every day of the year, except holidays we designate, during the hours specified or approved in writing by us or required by the lease of the premises on which the Franchise is operated. We may change these requirements from time to time as designated in the Operations Manual.

I. At all times you will ensure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms of our master copies maintained at our principal place of business will be controlling.

K. You will participate in, pay for (through credit card or other automatic payment processes we specify), and cooperate with us in all menu printing, gift card, and customer service programs we establish or adopt from time to time. This includes, but is not limited to, our program that allows an Organic Bronze Bar customer to use the facilities of any Organic Bronze Bar location pursuant to processes, procedures, and rules outlined in the Operations Manual. You will use the customer loyalty and gift card programs we designate to capture customer contact information, track purchases, reward repeat purchases or issue cash value for gift redemption in any Organic Bronze Bar location. You agree to accept all

customers and to accept the unused cash value from gift cards issued through your franchise and through any Organic Bronze Bar location. We will settle balances owed inter-store through a monthly reconciliation process and issue credit or debit notes for amounts owed and due.

At our request, you will use reasonable efforts to secure the names, addresses and other information we reasonably require of your clients and customers and will allow us to use the information. You will not divulge your customer names, addresses or other information, with or without remuneration, to any third party. You will respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction.

5.3 Service Marks, Operations Manual, and Method of Operation Are Our Exclusive Property. You agree that the Service Marks, Operations Manual, and Method of Operation are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Service Marks, Operations Manual, or Method of Operation. Your license to use the Service Marks is non-exclusive. We, in our sole discretion, may operate under the Service Marks and may grant licenses to others to use the Service Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Service Marks. You will not use the Service Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the franchise.

You will immediately notify us of any infringement of, or challenge to, your use of the Service Marks or any marks identical to or confusingly similar to the Service Marks, including any claims of infringement or unfair competition. While we will make reasonable efforts to protect your rights to use the Service Marks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Service Marks or the Method of Operation, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Service Marks or if the proceeding is resolved unfavorably to you. Instead, at any time, you will modify or discontinue use of any franchise names or Service Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). Under no circumstances will we be liable to you for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Service Marks will apply with equal force to any modified or substituted names or marks.

You will not contest, directly or indirectly: our ownership, title, right, or interest in the Service Marks, the Operations Manual, or the Method of Operation; or our exclusive right to register, use, or license others to use the Service Marks, Operations Manual, and Method of Operation. You will not advertise or use the Service Marks without following our then current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

Any and all goodwill associated with the Service Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Service Marks.

You will not use the Service Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the Method of Operation.

We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Service Marks.

We and you will use reasonable best efforts to continuously improve the products, processes and services used in the Method of Operation and to develop new products, processes and services for use as part of the Method of Operation. All the improvements, inventions and developments you make, develop or create for use in the Method of Operation will be our property and we alone will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.4 You Will Not Use Names or Marks in Combination. Except as provided in this Agreement, you will not use or give others permission to use the Service Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Service Marks. You may not combine or associate any name or symbol of the Service Marks with any other name or word in any advertising or sign. The Service Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 Service Marks, Operations Manual, and Method of Operation May Be Changed. You acknowledge that the Service Marks, Operations Manual, and Method of Operation, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Service Marks, Operations Manual, and Method of Operation.

We may change or modify any part of the Service Marks, Operations Manual, or Method of Operation from time to time at our sole discretion. You understand and agree that the Method of Operation must not remain static if it is to meet presently unforeseen future changes in technology, competitive circumstances, demographics, consumer trends, social trends and other marketplace variables and to best serve the interests of you, us and our other franchisees. We may add to, subtract from, change or modify any part of the Service Marks, Operations Manual, or Method of Operation from time to time at our sole discretion. This may include changes to the products, equipment, signage, trade dress, décor, design, appearance, operations, programs, services, methods, standards, forms, policies and procedures of the Method of Operation or abandoning the Method of Operation altogether in favor of another system in connection with a merger, acquisition, or other business reason. You will accept, use, and protect, for the purposes of this Agreement, all additions, subtractions, changes and modifications as if they were a part of the Service Marks, Operations Manual, and Method of Operation at the time this Agreement is executed. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Service Marks, Operations Manual, and Method of Operation at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

Complete and detailed uniformity of the Service Marks, Operations Manual, and Method of Operation under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore, we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local customers, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. At our discretion we may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment,

designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the Method of Operation. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

5.6 **Governmental Classification.** You will operate and maintain the Franchise so as to obtain the highest classification possible from the governmental authorities that inspect businesses similar to your franchise business in your area. If you are not able to obtain such classification or if you fail to operate in accordance with the standards of quality, maintenance, repair and sanitation required for the highest rating, then within **30** days after you first receive notice of your failure to obtain the highest classification you will comply with all requirements to receive the highest rating. You will maintain the highest rating thereafter. At our option, we may place trained personnel in the Studio as we deem necessary to work with and train your employees until the Franchise obtains the highest classification. You will reimburse us for all costs of providing our personnel, including costs of transportation, meals, lodging, salary, wages or other compensation, plus the cost of fringe benefits (which will be deemed to be **15%** of the salary and wages).

5.7 **You Will Not Communicate Confidential Information.** You specifically acknowledge that you will receive valuable specialized and confidential information, including information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, customer lists, manuals, marketing and sales techniques and strategies, and the Method of Operation. Unless required by court order or applicable law, you agree not to copy, download to internet, intranet, modem, fax, e-mail, mail or send any confidential material or divulge any material directly or indirectly to any other person or enterprise outside of the Organic Bronze Bar system. During the term of this Agreement and after it expires or is terminated, you will never communicate, fax, e-mail, post on an internet electronic bulletin board, divulge or use in any other manner, either for your benefit or the benefit of any other person, persons, partnerships, associations, companies or corporations any confidential or proprietary information, knowledge or know-how concerning the Method of Operation or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your franchised business.

You will assure that all communications and media connections with us and with your customers and access to financial information (especially bank account and credit card information) are at all times kept secure. This includes wireless, cable, internet, broadband or other communications and media connections. Your security measures must be in compliance with all legal requirements and, particularly, with all security requirements of the relevant banks and issuing credit card companies.

The Method of Operation includes valuable proprietary and confidential information. Unless required by court order or applicable law, you agree to not communicate or divulge the contents of our Operations Manuals or any other information related to the Method of Operation or to the operation of the Franchise or our franchise system to any person or entity except those we authorize in writing to receive the information. You agree that these contents and information are confidential. They include information that is our exclusive property, and you may only use them in the Franchise subject to the provisions and duration of this Agreement. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information. You agree to disclose information to your employees only to the extent necessary to perform the franchise business. You will not reverse engineer, decompile or disassemble any items embodying the Method of Operation or our confidential information.

The Method of Operation is a technologically advanced program of accounting, identification procedures, management systems, techniques and business operations and systems that would, if used by other persons, firms or entities, give a substantial competitive advantage which we presently enjoy. Any and all information, knowledge and know how, not generally known about the Method of Operation and our products, services, standards, specifications, systems, procedures and techniques, including information, manuals, contracts, customer data, supplier data, financial data, price lists, methods, techniques, processes, compilations, formulas, programs or patterns related to the operation of an Organic Bronze Bar

franchise and its products and services and any other information or material that we may designate as confidential, will be deemed confidential for purposes of this Agreement. This will not apply to information which you can demonstrate came to your attention prior to disclosure by us, or which is or has become a part of the public domain through publication or communication by others. Our confidential information is licensed, not sold, to you. You will not reverse engineer, decompile or disassemble any item that embodies confidential information. The Operations Manual may contain guidelines to protect confidential information, including limited access to the information on a need-to-know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information, including severance interviews with terminated employees in which they acknowledge in writing their post-employment confidentiality obligations.

You will require as a condition of the employment of your employees and anyone else providing services to you that they maintain and protect our confidential and proprietary information, including the signing of a confidentiality agreement. You must follow our security procedures, which may include the execution of approved nondisclosure agreements, and Intranet and Internet usage agreements. You will be responsible to enforce these covenants and agreements by your employees. These covenants are for the benefit of us and the Organic Bronze Bar franchise system and are enforceable by us. If you become aware of any actual or threatened violations of these covenants by any of your employees and anyone else providing services to you, you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

You will assure that you and all your agents, employees, consultants, partners, owners, members, officers, directors, and shareholders and other persons in your control, to whom any information is communicated, will keep, preserve, and protect all confidential information.

This section contains prohibitions based upon an understanding that you, your key employees, your officers, your partners, your employees, members and stockholders (as applicable) will possess knowledge of business and operating methods and confidential information, disclosure of which would prejudice our interests and our other franchisees.

If you engage in any business within 2 years of the expiration, termination or transfer of this Agreement that involves beauty treatment and esthetics programs, esthetics products, and beauty treatments, you will prove to us that you have not used our confidential information in that business. This 2-year period is not intended to limit the duration of your obligation to preserve the confidentiality of the information and to not use the information after expiration, termination or transfer of this Agreement.

5.8 **Conflicting or Competing Interests.** You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your franchise. You will not engage in any activity or business enterprise that conflicts with these obligations.

You will devote your full time and talent to the management, supervision and operation of the franchise. Your management organizational chart must be submitted to us for approval. In the alternative, you may submit, in writing, a management and business plan for our approval, to show how the franchise will operate without your full time and talent. If the management organizational chart or management and business plan are to be modified, the revised chart or plan first must be submitted to us for approval. You will hire and retain personnel who have been properly trained following the requirements of this Agreement and the Operations Manual.

At all times the Franchise must be under your direct supervision. You will devote a substantial enough amount of time and energy to properly operate the Franchise. What constitutes proper operation will be in

our sole reasonable discretion. In your absence, the Franchise must be under the direct supervision of a manager who has successfully completed the required training programs and who devotes the necessary time during business hours to the management of the Franchise.

In express consideration for and during the term of this Agreement, neither you nor your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Operations Manual or Method of Operation), will directly or indirectly participate as an owner, shareholder, member, partner, director, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, lease, lessor, lessee, lend money to, extend credit to, or serve in any other capacity in any business (including business in formation) engaged or to be engaged in the sale or rental at wholesale or retail or on the Internet of beauty treatment and esthetic programs, esthetic products, and beauty treatments, or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. We may waive this covenant only in writing. During all of these periods, you agree to promptly and fully disclose to our Chief Executive Officer any business opportunity coming to your attention, or conceived or developed in whole or in part by you, which relates to our business.

You will assure that you and your owners, directors, officers, partners, shareholders, members, employees, consultants, and agents, during the term of this Agreement and for a period of **2** years after expiration or termination of this Agreement do not:

- A. divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment; nor
- B. do or perform, directly or indirectly, any other act injurious or prejudicial to our goodwill associated with the Service Marks and Method of Operation

The running of the periods of time specified by this Section will be tolled and suspended for any period of time during which a court or arbitrator determines you to have been in violation of this Section.

If, for any reason, any provision set forth in this Subsection is determined to exceed any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded. Provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than **5%** of the outstanding securities of the corporation.

You will obtain and deliver to us written covenants from your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, and agents in a form satisfactory to us that these persons will comply with the provisions of this Section.

You and we stipulate that, in light of all of the facts and circumstances of the relationship between you and us, the covenants, restrictions and agreements referred to in this Section (including without limitation their scope, duration and geographic extent) are fair and reasonably necessary for the protection of our confidential information, goodwill and other protectable interests. If a court of competent jurisdiction should decline to enforce any of those covenants and agreements, you and we request the court to reform these provisions to restrict your use of confidential information, non-solicitation, ability to compete with us, and any other covered topics to the maximum extent, in time, scope of activities, and geography, the court finds enforceable under applicable law.

Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, you shall not make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about us, our officers, owners, partners, directors, members, managers, representatives, agents or employees, or our franchise system, our products and services, or our franchisees.

5.9 **Computer Systems.** You will install and use cash registers and accounting, service and inventory control computer systems approved by us. You will purchase, lease, or otherwise acquire, from sources of your choice and at your expense, computer hardware and software (including but not limited to programs, computer terminals, Internet and other network access providers, web site vendors, video conferencing and cash registers) that are totally compatible with and strictly conform to all requirements, standards, and specifications we may set from time to time, including coordination with consolidated systems used at co-branded locations. You must have these systems in operation at the Studio prior to opening for business. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services to you.

You are required to have DSL or other high speed Internet service to your business so that you can access downloads from us of advertising materials, operations manual revisions, training materials, product access and preparation; communication; email; web site access; and corporate news. Your computers and access must also accommodate our remote access to your computer systems, software and records. You will comply with all our requirements regarding Internet, Intranet and computer use contained in the Operations Manual.

You will, at your sole expense, continuously maintain (i) an active e-mail account and e-mail address with an established internet service provider, keep us informed of your current e-mail address and manage your e-mail account so that it does not become full or otherwise incapable of accepting new messages, and (ii) an electronic data exchange service designated by us to enable us to remotely retrieve sales, inventory and other operating data for the Franchise as frequently as we deem necessary. You, on behalf of yourself and, as applicable, your directors, officers, managers, employees, consultants, representatives and agents, waive any claim that our retrieval of data from your electronic records violates any person's rights of privacy.

E-PROBLEM DISCLAIMER: Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, the Year 2000 problem and similar date-related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

5.10 **Terms of Product Sales.**

- A To receive products, you must deliver to us a purchase order that specifies the products. All orders you submit are subject to acceptance at our corporate headquarters. We reserve the right to reject any order that is not credit approved or does not conform to the provisions of this Agreement. All orders accepted for delivery will be governed exclusively by the terms and conditions of this Agreement. Unless we agree in writing, no additional or different terms and conditions appearing on the face or reverse side of any order you issue will become part of that order. Our acknowledgment of your purchase order will not be acceptance of any additional or different terms and conditions.

- B Shipments are subject to availability. Upon notice to you, we may schedule and reschedule any order, at our discretion. We may decline any order for credit reasons or because the order specifies an unreasonably large quantity or makes an unreasonable shipment request.
- C We will use commercially reasonable efforts to meet any scheduled shipment date. However, we will not be liable for delays in meeting a scheduled shipment date for any reason. If products are scarce, we will allocate them equitably, at our discretion, among our customers.
- D Unless otherwise agreed, the products will be shipped only to your approved facility and only after receipt of an order from you.
- E We may refuse to ship or delay the shipment of any products on order if you become delinquent in payment of your obligations, exceed established credit lines, fail to meet our other credit or financial requirements or fail to provide financial information when we request. No cancellation, refusal or delay will terminate this Agreement.
- F All products will be delivered to you F.O.B. origin upon transfer to a common carrier. You will pay all transportation, insurance, rigging and drayage charges.
- G On delivery of products to carrier, title (or with respect to Licensed Programs licensed, not sold, title only to the media on which the Licensed Program is delivered) will pass to you and you will assume responsibility for promptly advising the carrier and insurer of the loss, for filing a claim and for recovery of any sums owed by them to you. Upon request, we will cooperate with you to establish a claim.
- H You grant to us a security interest in the products and proceeds of as security for your obligations under this Agreement. Upon request, you will execute and file all instruments or documents necessary to perfect any security interest. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.
- I You will maintain sufficient inventories of products and employ sufficient help to operate your business at a level of capacity and market penetration commensurate with the reasonable demands of the marketplace.
- J You will represent fairly all products you purchase from us.
- K You will comply with all of the obligations and requirements imposed upon you by the manufacturers or distributors of the products.
- L You will use commercially reasonable efforts and good faith to promote, demonstrate and sell the products and services.
- M You will provide to us forecasts of your projected purchases of products.
- N The products are subject to the manufacturer's standard warranty. We disclaim all warranties, including the implied warranties of merchantability and fitness for a particular purpose. No representation, affirmation of fact, statement regarding capacity or suitability that is not in this Agreement will be a warranty by us for any purpose.

- O We will not be liable for any loss or damage claimed to have resulted from the use, operation or performance of the products, whatever the form of action. Our maximum liability to you, whether based upon contract, warranty, tort or otherwise, will not exceed the actual amount you pay to us for the specific product that causes the damages. These limitations of liability will not apply to claims for personal injury caused by our negligence. We will not be liable to you for special, indirect, incidental or consequential damages or from any damages resulting from loss of use, data or profits.

5.11 **Employees.** You are exclusively responsible to train and make sure your employees and independent contractors meet the standards, specifications and procedures outlined in the Operations Manual. You will hire only efficient, competent, sober and courteous employees for the conduct of the franchise business and will pay their wages, commissions, piece work and any other compensation justly due with no liability on our part.

- A. You will control your own employees and independent contractors. We will not have the power to hire, fire, direct, supervise, or discipline them. You will maintain complete and accurate employee records and clearly document, in all relevant ways, that that you and your employees are not our employees. You acknowledge and agree that poorly trained, sloppy, or unclean employees and contractors, incompetent or discourteous service, and similar issues are damaging to the goodwill of the Service Marks and detrimental to you, us, and our other franchisees.
- B. You must comply with all state and federal laws in respect to your employees. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement. You must indemnify and hold us legally harmless from any of your violations of such laws. You are exclusively responsible to create and use employee and human resources handbooks and manuals that you prepare specifically for your business operations tailored to the legal jurisdictions within which you operate with the advice of HR professionals and legal advisors you select.
- C. You exclusively determine the wages and payment rates and methods of payment to your employees and independent contractors. You must pay special attention to federal and state wage and hour laws with respect to your employees. You must comply with all such laws and pay your employees properly. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.
- D. You are exclusively responsible to monitor, supervise, and control the scheduling, performance, efficiency, and efficacy of your employees and independent contractors and to make adjustments to improve the results of their efforts.
- E. If you decide to share employees or independent contractors with other franchisees, then you will indemnify and hold legally harmless us (and our affiliates, officers, directors, employees and agents) from any claims, losses, attorney fees and damages resulting from such activities. You acknowledge that this provision does not constitute an endorsement to share employees with other franchisees.
- F. You are responsible to train and to make sure your employees and independent contractors meet the standards, specifications and recommendations outlined in the Operations Manual, including those related to appearance, customer service, background checks, and drug testing (as applicable). You are required to hire and maintain sufficient staff in order to handle customer volume at all times. You will ensure that your employees present a neat and clean appearance and render

- friendly, efficient, sober and courteous service to your customers.
- G. All employees and independent contractors whose duties include customer service must have sufficient literacy and fluency in the English language to serve the public.
 - H. You may not hire any employee or independent contractor who has been found guilty of any charges of fiduciary misconduct, any form of unlawful sexual conduct, any felony of any kind, or any similar charges that reflect negatively on the person's moral turpitude and character.

6 **RENEWAL, TERMINATION AND STEP-IN RIGHTS**

6.1 **Renewal of Franchise.**

A. If you are not in breach, you may renew the Franchise for periods of **5** years under the terms of our then-current Franchise Agreement forms. "Then-current," as used in this Agreement and applied to our Franchise Disclosure Document will mean the form then currently provided to prospective franchisees, or if not then being provided, then the form we select in our sole discretion which previously has been delivered to and executed by a franchisee of ours. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.

There is no fee for renewal of the Franchise. You will reimburse us for our reasonable out-of-pocket costs concerning the renewal.

The renewed Franchise Agreement will be evidenced by you signing the Franchise Agreement forms we then are using (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). These forms may vary materially from this Agreement. Continuing Service and Royalty Fees, Advertising and Development Fees, Local Advertising Contributions and other fees will be set at the then prevailing rates and terms. Your failure or refusal to execute the Renewal Franchise Agreement forms within **30** days after delivery to you may be regarded as an election by you not to renew. Upon renewal, the Studio must remain located in the geographical territory designated in this Agreement. The Franchise Territory may be modified and its geographic area may be reduced or expanded to meet our then current franchise market penetration and demographic standards and co-branding requirements.

You will refurbish, remodel, and replace the Studio, fixtures, and equipment to conform to the then current Operations Manual and Method of Operation. There will be no limitation on the amount that we may require you to spend on refurbishing, remodeling and replacement. You must make all capital expenditures reasonably required to renovate and modernize the Studio and its signs and equipment to reflect the design and decor image of Organic Bronze Bar franchises we then are requiring of new or renewing Organic Bronze Bar franchises. These expenditures will be in the amount necessary to make the Studio modern and fresh and to resolve wear and tear. If renovation and modernization of the Studio is not feasible, you may replace the building or fixtures or relocate to a new site, subject to our prior written approval. Our approval will not be unreasonably withheld, provided that the relocation does not infringe on any other Organic Bronze Bar location.

You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

Before renewal, you or your designated manager will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including travel, meals, lodging, and our then current training fee.

B. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion and business judgment in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

We also may refuse to renew this Agreement if we make a good faith determination in our normal course of business that renewal of the franchise relationship is likely to be uneconomical to us or our franchise system despite any reasonable changes or additions to the agreements between the parties, which may be acceptable to you. We will not be obligated to renew this Agreement if we have determined in good faith to cease carrying on business in your market area and if we have given you at least 180 days-notice of our intent not to renew and have otherwise complied with applicable law concerning the renewal of franchises.

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

The Renewal Franchise Agreement will include personal guarantees and a general release of all claims against us (existing at that time). If you fail to execute such a release, the signing of the Renewal Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement

C. **Continuation.** You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent, following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon **30** days written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 **Termination by You.** You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail to cure or reasonably to begin to cure that breach within **30** days after receipt of written notice specifying the breach. Termination will be effective **10** days after you deliver to us written notice of termination for our failure to cure within the allowed period.

6.3 **Termination by Us.**

A. The following provisions are in addition to all other remedies available to us at law or in equity. We will have the option to cure your breaches at your expense.

If you breach or default in any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.

1. You irrevocably nominate, constitute and appoint the person serving from time to time as our President to be your attorney-in-fact so to act in your name and on your behalf.
2. At our election and without waiving any claims for default or breach and without prior notice to you or resort to legal process, we may enter upon the Studio using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of

discontinuance and the protection of our rights upon expiration or termination of this Agreement.

3. We may claim and recover damages from you for any material breach, including ongoing Continuing Service and Royalty Fees and other payments required by this Agreement. The Continuing Service and Royalty Fees payable will be computed as an average of the Continuing Service and Royalty Fees payable by you for the last six months that you conducted the Franchise. If the Franchise has been operating and paying Continuing Service and Royalty Fees for less than six months, the average will be of the monthly Continuing Service and Royalty Fees payable by you during the period of operation. The calculated Continuing Service and Royalty Fees will be due for the balance of the term of this Agreement, or until we establish a new Organic Bronze Bar franchise in the Territory and that new franchisee pays Continuing Service and Royalty Fees for a month equal to or greater than the calculated monthly Continuing Service and Royalty Fees due from you.

If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may suspend your ability to access forms, software, web sites, Internet or Intranet, or limit your continued operation of the franchise and order all product deliveries withheld from you until the payments are received.

You agree that this Agreement and any other agreements between you and us may be terminated, at our election, in the event of any material breach by you of any franchise agreement or any other agreement between us and you, upon the notice, if any, specified in the franchise agreement or the other agreement. If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or other agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

You agree that it will be a default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination of this Agreement and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within **30** days after receipt of our written "Notice to Cure." Termination will occur immediately upon delivery to you of our written declaration of termination for failure to cure within the allowed time frame.

B. Automatic Termination. Among other things, you agree that it will be a default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination, and that this Franchise Agreement and any other related agreements and franchise agreements between the parties will terminate automatically upon delivery of written notice of termination to you, if you or your owner(s), officer(s), or key employee(s):

1. Become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the franchised business or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:
 - (i) timely undertake to reaffirm the obligations under this Agreement;
 - (ii) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and
 - (iii) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of

the United States Bankruptcy Code;

provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchised business, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

2. Fail to operate the Franchise continuously and actively for **5** consecutive days or for any shorter period after which it is reasonable under the facts and circumstances to conclude that you do not intend to continue the Franchise or maintain a suitable Franchise location.
3. Fail to comply with any requirement of this Agreement or of any related agreement between the parties within twelve months after having received the most recent of two or more **30-day** or **5-day** Notices to Cure deficiencies in performance of the same or any other requirement pursuant to Subsection (A) above or this Subsection (B), whether or not you had corrected your earlier failures to comply after we delivered notice to you.
4. On more than two occasions fail to report monthly Revenue on time, understate monthly Revenue by more than **2%**, or distort other material information.

Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement.

False Reporting. You knowingly or intentionally conceal revenues, maintain false books or records, (including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any intentionally false report or payment or otherwise defraud us.

5. Allow the Franchise or Studio to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for **30** days (unless a supercedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within **5** days of the levy.
6. Are convicted of a felony or a sex crime, are required to register as a sex offender, have been convicted of a crime of moral turpitude, are on probation or parole, or are convicted of any criminal misconduct relevant to the operation of the Franchise.
7. Within a period of **10** days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.

8. Fail to pay any Franchise, Continuing Service and Royalty, National Advertising and Development, and other fees or other amounts owed pursuant to this Agreement within **5** days after receipt of written notice that the fees or amounts are overdue.
9. Operate the Franchise in a manner that creates an imminent danger to public health or safety.
10. Do not keep confidential information related to the Franchise confidential except to employees or persons authorized to know.
11. Fail to obtain agreements from your employees to keep confidential information confidential.
12. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.4 **Time Frames Subject to Applicable Laws.** The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law. We will not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any mediation, action, arbitration, hearing or dispute relating to this Agreement or the termination of it.

6.5 **You Will Discontinue Use of Service Marks, Operations Manual, and Method of Operation on Termination of Agreement.** Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

A. Immediately cease using the Service Marks (or any names or marks deceptively similar to them), the Operations Manual and the Method of Operation. We will have the right, title and interest to any sign or sign faces bearing the Service Marks. You acknowledge our right to access the Studio if we elect to take possession of any sign or sign faces bearing The Service Marks.

You will assign to us or our designee any assumed name rights or equivalent registration filed with state, city, or county authorities that contains the Service Marks or any of our other names or marks. You will furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement. Or, at our option, upon notice, you will take action as required to cancel all of your assumed name, fictitious or business name, or equivalent registrations relating to the use of all Service Mark and related assumed names.

Immediately cease to communicate with all franchise related customers and prospective customers, suppliers, and contractors.

B. Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the Method of Operation. you will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

C. Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee. Notify them of the termination of your right to use the Franchise names and Service Marks. You authorize the transfer of your telephone numbers and directory listings and Internet addresses, domain names and locators to us or our designated franchisees. You appoint us as your agent and attorney-in-fact to affect the transfer of these telephone numbers and directory listings and domain names and Internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

If we have authorized you to use the Service Marks in connection with the Internet, social media, any website, or e-mail address, you will at our option cancel or assign to us or our designate all of your right, title and interest in any Internet websites or web pages, e-mail addresses, domain name listings and registrations which contain the Service Marks in whole or in part and you will notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies of the termination of your right to use any domain name, web page and other Internet device associated with us or the Franchise Premises, and you will authorize and instruct their cancellation or transfer to us, as directed by us. You are not entitled to any compensation from us if we exercise these rights or options. Nothing in this subsection will be deemed to permit you to use the Service Marks in connection with the Internet, except with our prior written consent as provided in this Agreement.

D. Make reasonable modifications to the interior and exterior of any retained premises to reduce your identification as a part of our franchise system. These modifications will include but will not be limited to reasonable alterations to eliminate any possibility of confusion between the Studio and any other Organic Bronze Bar location.

E. Pay to us within **seven** days all Continuing Service and Royalty Fees and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorney's fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorney fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement. Termination or expiration of this Agreement will not prejudice to any other rights or remedies that we have in law or in equity, including, without limitation, the right to recover benefit of the bargain damages, including lost revenue for the duration of the term of this Agreement.

In the event of termination for any default by you, you will promptly pay to us all damages, costs and expenses, including reasonable attorneys' fees, we incur as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of your personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the franchised business.

F. Abide by all provisions of the restriction upon communication of confidential information set forth above and the post-termination Covenant Not to Compete set forth below. You will immediately return to us all of our confidential information you have received, including any items that embody the confidential information. You acknowledge that you have no continuing ownership interest in the confidential information.

G. At our option, do some or all of the following:

1. Remove all Franchise-related equipment, furnishings, and inventory from the Studio;
2. Sell the equipment, furnishings, and inventory to us, at fair market value for equipment and furnishings and at your invoice cost for inventory less a **10%** restocking charge. We will not be liable for payment to you for intangibles, including, without limitation, goodwill;

3. Assign to us the lease for the Studio and ownership and control of any web site you own or control;
4. Sell to us your interest in the Franchise, the Studio and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within **5** business days after termination of this Agreement. If not, a fair value and fair terms will be determined in Portland, Oregon by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers.

6.6 **We May Assign Territory Upon Termination.** Upon expiration or termination of this Agreement, we may immediately license or franchise the Franchise Territory to another person or may operate Organic Bronze Bar businesses within the Franchise Territory.

6.7 **Our Step-In Rights.** The parties want to prevent any operation or interruption of the Franchise that would cause harm to the Franchise and to our franchise system and lessen their value. Therefore, you authorize us to step in to operate the Franchise for as long as we believe necessary and practical in our exclusive judgment. We may do so without waiving any other rights or remedies that we may have. Cause for stepping-in may include our reasonable determination that: you are incapable of operating the Franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any real property, equipment rent or lease payments, suppliers, or inventory payments; you have failed to pay to us when due any franchise, Continuing Service and Royalty, advertising, or other fee; you have failed to pay when due any taxes or assessments against the Franchise or property used in the Franchise; you have failed to pay when due any liens or encumbrances placed upon or against your business property; your business activities are having a negative impact upon the value of our franchise system_or we decide that significant operational problems require us to operate the Franchise for a time. We may exercise our step-in rights if you are ill or disabled, you, your lender, or the SBA requests our assistance or agrees to our proffered support and supervision, directly or indirectly or through contract agents. If you have a loan for the franchise that is guaranteed by the Small Business Administration, our right to step-in will be limited to a **60**-day period unless otherwise requested or agreed with the lending bank at that time. Thirty days after exercising our step-in rights, we will re-evaluate your then-current status. At our discretion, we will either operate the Studio for an additional 30-day period or turn the Studio back over to you. In turning the Studio back over to you, we do not waive our rights to step back in the future.

All Revenue from our operation of the Franchise will be for your exclusive account. We will pay from that Revenue all expenses, debts and liabilities we incur during our operation of the Franchise. This will include our personnel and administrative and travel costs, plus **15%** to cover our overhead expenses. In addition, we will have the option, but not the obligation, to pay for you any claims owed by you to any creditor or employee of the Franchise. You will reimburse us upon demand, including at the rate set forth above for overdue amounts.

We will keep in a separate account all Revenue generated by the operation of the Franchise, less the expenses of operation.

We will have no obligation to retain any employee of the Franchise, nor to honor any contractual employment commitments you previously made. If we elect to retain any employee, employment will be pursuant to a new employment agreement between us and the employee. Employment will commence on the first business day on which we carry on business through the Franchise. Any claim by an employee for unpaid salary, vacation pay, or other benefits will be your responsibility.

Upon our exercise of these Step-In Rights, you agree to hold us harmless for all of your acts, omissions, damages, or liabilities arising during our operation of the franchise.

Our operation of the Franchise will not operate as an assignment to us of any lease or sublease of franchise property. We will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of our operation of the Franchise.

In addition to our right to step- in or to terminate this Agreement, and not in lieu of that right or any other rights against you, in the event that you will not have cured a default under this Agreement within the 30 days after receipt of the written "Notice to Cure" from us, we may, at our option, enter upon the Studio and exercise complete authority with respect to the operation of the business until we determine that your default has been cured and that there is compliance with the requirements of this Agreement. You specifically agree that a designated representative of ours may take over, control, and operate the business. You will pay us a service fee of not less than **\$500** per day plus all travel expenses, room and board and other expenses reasonably incurred by our representative so long as it will be required by the representative to enforce compliance.

You agree to pay our reasonable legal and accounting fees and costs we incur because of our exercise of these Step-In Rights.

6.8 You and Your Owners Not to Compete on Expiration, Termination or Transfer of Agreement. This covenant will apply for **720** days after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households (who have actual knowledge of or access to the Operations Manual or Method of Operation), will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, lease, lessor, lessee, lend money to, extend credit to, or serve in any other capacity in any business engaged directly or indirectly in the offer, sale, rental, Internet dissemination, or promotion of beauty treatment and esthetic programs, esthetic products, and beauty treatments or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. This covenant applies within the Franchise Territory, within a 200-mile radius of the Franchise Territory, within a 200-mile radius of any location where we operate or have granted the franchise to operate an Organic Bronze Bar business, and within the United States of America.

You acknowledge and confirm that the time, content and geographical restrictions contained in this Section are fair and reasonable. They are not the result of overreaching, duress, or coercion of any kind by us. You further acknowledge and confirm that your observance of the covenants contained in this Agreement will not cause you any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Agreement will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you, or otherwise to obtain income required for the comfortable support of your family and the satisfaction of your creditors. Your knowledge of the Method of Operation would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

The running of the periods of time specified by this Section will be tolled and suspended for any period of time during which a court or arbitrator determines you to have been in violation of this Section. If you continue to operate your franchise business, or any business offering similar products and services, after transfer, repurchase, termination, or expiration of this Agreement, or non-renewal, using any of the Service

Marks or any aspect of the Method of Operation, our remedies will Include, recovery of the greater of (a) all profits you earn in the operation of your business or similar business after such transfer, repurchase, termination or expiration; or (b) all royalties, marketing contributions and other amounts which would have been due if such transfer, repurchase, termination, or expiration had not occurred.

Tolling of Covenant. If you compete during the term of non-competition, this non-compete time period will be extended for the period of your competition plus an additional 6 months.

If, for any reason, any provision set forth in this Subsection exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7 **TRANSFER**

7.1 **Sale or Assignment.**

A. Your rights and obligations under this Agreement are exclusive to you. Whether voluntarily or involuntarily, neither you, your owners, partners nor others claiming an interest in the Franchise will sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "transfer") the whole or any part of: this Agreement, the Studio, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement. Any attempted transfer without our prior written consent will be a breach of this Agreement. Our consent will not be unreasonably withheld. We need not consent to any transfer before the date the Franchise opens for business.

Because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee, we need not consent to any transfer if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis.

We need not consent to any transfer to a competitor of ours.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. Our consent to a transfer by you will remain a subjective determination and will include, but not be limited to the following conditions. Before the effective date of a transfer we approve:

1. The transferee must assume your Franchise obligations. You will remain bound by your covenants in this Agreement to not disclose confidential information and to not compete with us or our franchisees.
2. You will pay all ascertained or liquidated debts concerning the Franchise.
3. You may not be in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.
4. The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.

5. You or the transferee will pay a Transfer Fee according to our then current Transfer Fee Schedule. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. The Transfer Fee is **\$10,000**.
6. You will pay us a **10%** commission on the gross transfer price (excluding the price of real property), if we obtain the transferee for you.
7. The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or provincial/state registration and disclosure laws, and a receipt for this document will be delivered to us; provided however, we will not be liable for any representations you make apart from those contained in our disclosure document.
8. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.
9. If permitted by applicable law, you and your owners, members, partners, officers, and directors will execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release, any claims you may have against us and our representatives, subsidiaries and affiliates and our officers, directors, attorneys, shareholders and employees in their corporate and individual capacities. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sell and performance of this Agreement or any other agreement between the parties.
10. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full despite the due date for payment established by this Agreement.
11. If the lease or sublease for the Franchise Premise requires, the lessor or sub-lessor must have consented to the assignment or sublease of the Studio to the transferee. All fixtures and equipment at the Studio must be inspected and certified by a qualified professional inspector to be in good working order and free of operational defects. It will be your responsibility to bring all fixtures and equipment to proper working order before the transfer takes place. The transferee must agree in writing with any third-party leasing company to accept any outstanding lease on equipment or other furnishings or you will resolve such leases and remove that equipment or furnishings from the Studio.
12. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

13. The transferee will refurbish and remodel the Studio, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer.
14. Upon our granting of approval for the transfer, you will:
 - a) ensure that the transfer is affected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation, and with the applicable requirements of the lease of the Studio;
 - b) deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the Trademarks and our advertising, promotional and training materials, order books and bookkeeping and reporting forms.
15. We have the right, but not the obligation and without any liability to you, to make available for inspection by any proposed transferee identified by you of all or any part of this Agreement and of our records related to our relationship with you and to your activities and performance under this Agreement. You specifically consent to such disclosure and agree to hold us harmless from any claim, loss or injury that might result from inspection of our records by your intended transferees.

B. With our prior written consent, you may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable in all respects under this Agreement. (You and all other owners will personally and unconditionally guarantee the obligations of the new entity and you will remain personally subject to and bound by all terms, conditions, restrictions and prohibitions contained in this Agreement. You as an owner of the entity agree to separately and personally, for you and for your successors, heirs and personal representatives will act as surety for the full and faithful performance of all of the obligations, commitments and payments required of the entity. In that capacity, you agree that we do not have to pursue any remedies we may have against the entity, but rather, may proceed directly and primarily against you with or without joining the entity as principal or as a named party in any proceeding.)

You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership. From time to time, at our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you.

C. We may transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, the Service Marks, or the Method of Operation outright to a third party, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Service Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

We will not be required to remain in any particular form of business or to offer products to you, whether or not bearing our Service Marks.

D. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Service Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least **60** days written notice before the effective date of any offering or other transaction covered by this subsection.

E. You may not grant a sub-franchise or transfer less than all of your rights under this Agreement.

F. Our consent to a proposed transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement. Our consent to a transfer will not constitute or be interpreted as consent for any future or other transfer.

G. You will comply with and help us to comply with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

7.2 **Your Death or Disability.**

A. Besides the Step-In Rights described above, the following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning **50%** or more of you if you are a limited liability company or corporation or other entity. Within **180** days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

1. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Subsection (A) of the section entitled "Sale or Assignment," above (except that no transfer fee will be required). Or,
2. Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection. For purposes of this Subsection, on an application for the right to continue to operate, our silence through the **180** days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.
3. If a suitable transferee purchaser is not found within **180** days from the date of death or permanent incapacity, we may at our sole option enter into a contract to purchase the Franchise. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within twenty business days after notice from us. If not, a fair value and fair terms will be determined in Portland, Oregon by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay

for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers may include in their decision a factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers. Terms of payment will be **10%** of the purchase price payable upon contract signing, the balance payable in **60** equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment.

B. If the provisions of this Subsection have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.3 **First Right of Purchase.** You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will elect to exercise our option to purchase within **30** business days after our receipt of your written notification and due diligence information. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to the subsection entitled "First Right of Refusal." You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled "Sale or Assignment" and "First Right of Refusal." If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction.

We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can pay the purchase price in cash up front or 120 equal monthly payments that amortize the principal amount with interest calculated at prime plus 1% as of the date of purchase. The choice of payment type is in our sole discretion.

7.4 **First Right of Refusal.** If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within **6** days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right to purchase within **30** days after receipt of notice from you and due diligence information. If the interest which is the subject of the offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this section.

If we do not exercise our right to purchase within the **30** days, you may make the proposed transfer to a third party. The transfer will not be at a lower price or on more favorable terms than disclosed to us. Any transfer will be subject to our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within **6** months from the date it is offered to us, or if any

material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

8 **INDEMNITY, INSURANCE, CONDEMNATION AND CASUALTY**

8.1 **Indemnity.** You and your principals agree to indemnify, defend and hold us, our affiliates and the respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the franchised business, including the use, condition, or construction, equipping, maintenance or operation of the franchise premises and your advertising and all warranty claims; (ii) the unauthorized use of the Service Marks and other proprietary materials; (iii) the transfer of any interest in this Agreement or the franchised business or Franchise Premises in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of us, the Method of Operation or any franchisee or developer operating in our franchise system, by you or by any of your principals. For purposes of this indemnification, "Claims" means and includes all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to us. We have the right to defend any claim against us in the manner we deem appropriate or desirable in our sole discretion. Such an undertaking by us will, in no manner or form, diminish your and each of your principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

You will indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, actions, losses, attorney fees and damages arising out of or connected with the Franchise and the business activities, acts or omissions of you and your employees and agents, including those brought against you and us jointly alleging that you and we were negligent or otherwise liable. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. If it is established that both you and we were negligent or otherwise liable, you and we will contribute to the relevant award, and the obligation to indemnify and hold harmless shall be determined, based upon the adjudicated and assigned respective degree of fault. In the event of a settlement prior to adjudication, you and we will agree to degrees of fault. You and we will contribute to the relevant settlement, and the obligation to indemnify and hold harmless shall be determined, based upon the agreed degree of fault. All provisions of this Section will be subject to these contribution and allocation of indemnification provisions.

You will indemnify us for any loss, cost or expense, including attorneys' fees, that may be sustained by us because of the acts or omissions of your vendors or suppliers or arising out of the design or construction of the Studio.

This indemnification will include use, condition, or construction, equipping, decorating, maintenance or operation of the Studio, including the sale of any products, service or merchandise sold from the Studio. Any loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Studio, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against us at your expense, including attorney fees that we pay or incur in settling or defending. Promptly

upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

All references in this Agreement that provide that you will indemnify or defend us or that you will name us under any insurance policy will also mean that our affiliates, directors, officers, and employees will be also and equally indemnified, defended or named.

You have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's gross negligence, willful misconduct, strict liability, or fraud.

8.2 Insurance. Upon commencement of franchise operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate fire and extended coverage, vandalism, malicious mischief, general liability, food borne illness and products liability insurance. This insurance will be in an amount sufficient to replace the Studio and your personal property upon loss or damage. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Operations Manual. The insurance will include, at a minimum, the following:

A. Comprehensive general liability insurance, including food borne illness and products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least **\$3,000,000** including umbrella coverage:

General Liability Insurance	\$1,000,000	Per Occurrence
	\$3,000,000	In the Aggregate
Business Property Insurance	\$50,000	Per Month
Flood Insurance	To cover building and property	Not less than Per Occurrence
Wind Insurance	To cover building and property	Not less than Per Occurrence
Business Income/Extra Expense	\$12,500	Per Month
Electronic Media and Records	\$10,000	Per Occurrence
Money and Securities	\$10,000 inside \$ 2,500 outside	Per Occurrence
Valuable Papers and Records	\$25,000	Per Occurrence
Accounts Receivable	\$25,000	Per Occurrence
Comprehensive Crime and Employee Dishonesty Insurance	\$10,000	Per Occurrence
Business Interruption and Lost Profit	\$50,000	Not less than Per Month
Cyber Security Insurance	\$100,000	In Aggregate
Commercial Automobile Insurance, including liability. (If automobile is owned, non-owned, rented, scheduled or hired by the business).	\$1,000,000	Per Person
	\$3,000,000	Per Accident
	\$ 1,000,000	Per Occurrence

- B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.
- C. Employer Practice liability insurance.
- D. Molestation and sexual abuse insurance covering the acts of your employees and agents.

The insurance, other than for damage to the Studio and for employer liability, will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance, other than for casualty to the Studio and for employer liability, will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon **20 days'** written notice to us. You will provide to us Certificates of your insurance policies to be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All policies will list us and our subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds and contain a waiver of subrogation in favor of us and any parties we designate and will be primary and non- contributory to any insurance we might carry. We reserve the right to modify required insurance coverage during the course of this Agreement based on changes in risk factors.

You must provide to us copies of any insurance claims or insurance cancellations within 24 hours of your receipt of the claims or cancellations. You have a 24-hour opportunity to cure any lapses in insurance coverage. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to us. You must submit a certification of insurance which demonstrates compliance with this Section.

Third Party Subcontractors - Insurance. You will not to permit any third-party subcontractor to perform any work or offer any services on your behalf in respect of the franchised business unless the subcontractor maintains insurance coverage in such amounts and types as you are required to maintain under the provisions of this Section, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You will maintain evidence that such insurance by its subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper

coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, your business operations or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Organic Bronze Bar system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

8.3 **Condemnation.** You will give us notice of any proposed taking through the exercise of the power of eminent domain. Notice will be given within **10** days of your first knowledge of the proposed taking. If the Studio or a substantial part of it is to be taken, the Studio may be relocated within the Franchise Territory or elsewhere with our prior written approval. The relocated premises may not infringe on the protected rights of any other franchise pursuant to our specifications and contractual obligations. Relocation must be completed and franchise business operations recommenced within a reasonable time after the closing of the initial Studio (but in any event, within **one** year after closing of the Studio). The new franchise location will become the Studio licensed under this Agreement. If a condemnation takes place and a new franchise location does not open, for whatever reason, then this Agreement will terminate upon **30** days written notice from us to you.

8.4 **Casualty.** If the Studio is damaged by fire or other casualty, you will expeditiously repair the damage. If the damage or repair requires the closing of the Franchise, you will:

A. continue to pay Continuing Service and Royalty Fees based upon the monthly average paid for the preceding **12-month** period or based upon the proceeds of any Business Interruption recovery you receive, whichever is greater,

B. immediately notify us,

C. repair or rebuild the Studio following our specifications, and

D. re-open the Franchise for continuous business operations when practicable (but in any event, within **one** year after closing of the Studio). You will give us not less than **30** days advance notice of the date of reopening.

If the Studio does not re-open within **one** year, this Agreement will terminate upon **30** days written notice from us to you.

8.5 **Proceeds From Insurance or Recovery.** The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in Revenue.

9 **NOTICE AND MISCELLANEOUS**

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2024-8-15 OrganicBronzeBar FDDFA (red draft)2024-8-15 OrganicBronzeBar FDDFA (red draft)

9.1 **Notices.** All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the most expedited basis available. They may be sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by either requesting confirmation by receipt verification, which verification will not be withheld or otherwise denied, or by sending an original confirmation copy by expedited delivery service or certified or registered mail within 3 business days after transmission). Notices will be delivered to you at the Studio, to us at our headquarters or to other locations specified in writing.

Notices may be delivered and receipted to you personally at any location.

Notices sent by certified or registered mail will be deemed to have been delivered and received **3** business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the most expedited basis available. Notices sent by facsimile or electronic mail will be deemed to have been delivered upon transmission (provided confirmation has been requested by receipt verification, or confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name.** You will execute any documents we may from time to time direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Service Marks and the name "Organic Bronze Bar."

9.3 **We and You Are Not Joint Venturers, Partners, or Agents.** You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Studio and on any delivery vehicles that you use, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

You will maintain employee records to show clearly that you and your employees are not our employees. All employees and independent sub-contractors you employ must meet our character, quality and performance standards. All state and federal, workers compensation and insurance requirements must be met for all employees and sub-contractors, including requirements we express in the Operations Manual.

The liability of you and your owners, shareholders, members or partners will be both joint and several. A breach of this Agreement by you or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by you.

9.4 **Waiver.** A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have, and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of **10** days prior written notice of revocation. Customs or practices of the

parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

By written notice, we unilaterally may waive any obligation of you, your owners, or the Guarantors.

Our consent, whenever required, may be arbitrarily withheld if you are in breach of this Agreement. Unless otherwise expressly provided to the contrary, our consent, acceptance, approval or authorization you may be required to obtain may be given or withheld by us in our sole discretion, and on any occasion where we are required or permitted to make any judgment, determination or use our discretion, including any decision as to whether any condition or circumstance meets our standards or satisfaction, we may do so in our sole subjective judgment and discretion

9.5 **Time Is of the Essence.** Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

9.6 **Documents.** You and your partners, shareholders, members, officers, and owners agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President as your attorney-in-fact to so execute that document in your name and on your behalf.

Any material violation or breach of any of these documents or of any other Franchise or related agreement between the parties will be a material violation of this Agreement and of all the other documents and agreements. The non-breaching party may enforce or terminate this Agreement and any or all of the other documents and agreements as provided for enforcement or termination of this Agreement.

If you are a partnership, all general partners will sign the documents. If you are a corporation or limited liability company or other entity, all shareholders or members and all officers will personally guarantee your faithful performance.

You will assure that each of your owners, shareholders, general partners, members, directors, officers, managers, employees, consultants, distributors and agents will not compete with us; will not attempt to divert customers to competing businesses; and will keep, preserve, and protect confidential information as required by this Agreement.

9.7 **Construction.**

A. **Entire Agreement.** This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. It supersedes all prior or contemporaneous agreements, understandings, communications and negotiations, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied understandings between the parties with respect to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this

Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our president or a vice president at our home office by an instrument in writing.

No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

B. Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

Neither this Agreement nor any uncertainty or ambiguity will be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all the parties. We and you intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

1. The content and expressed intent and exhibits of our Franchise Disclosure Document(s) previously delivered to you.
2. The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

C. Captions and Headings. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement. If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

1. The content and expressed intent and exhibits of our Franchise Disclosure Document(s) previously delivered to you.
2. The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

D. Severability. If, any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future. Provided, however, that if we determine that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

E. Implied Covenants. If this Agreement or applicable law implies a covenant of reasonableness, good faith or fair dealing in this Agreement, the parties agree that covenant will not imply any rights or

obligations that are inconsistent with a fair construction of the terms of this Agreement. If applicable law implies such a covenant, the parties acknowledge and agree that:

1. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests;
2. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other Organic Bronze Bar businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee;
3. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is not exercised in bad faith toward you; and
4. In the absence of bad faith, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

F. **Joint and Several.** If, at any time during the term of this Agreement, you consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to you in this Agreement may only be exercised and enjoyed jointly; and your obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity.

9.8 **Enforcement.** From time to time there may be controversy about this Agreement, its interpretation, or performance or breach by the parties.

You must first bring any claim or dispute between you and us to our management, prior to mediation, arbitration, or commencing any legal action against us or our affiliates with respect to any claim or dispute. You must submit a written notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute pursuant to the notice provisions set forth in this Agreement. You must pursue this internal dispute resolution procedure before commencing mediation, arbitration and/or litigation. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

Our officers, directors, shareholders, members, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution and mediation provisions set forth in this Section, each having authority to specifically enforce the right to amicably resolve and mediate claims asserted against such them by your or anyone associated with you.

A. **Mediation.** If a dispute arises between the parties, before taking any other legal action, the parties agree to participate in at least **8** hours of mediation in accordance with the Mediation Procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial franchise business disputes. The Parties agree to equally share the costs of mediation. Mediation may be specifically enforced by either party. This agreement to mediate will survive termination or expiration of this Agreement.

B. **Injunctive Relief and Specific Performance.** Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

C. Governing Law and Venue. You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted by us in the State of Oregon. This Agreement and the relationship between the parties will be interpreted under the laws of the State of Oregon. Any dispute between you (or your officers, directors, shareholders, members, partners or other owners) and us, whether arising under this Agreement or from any other aspect of the parties' relationship, will be governed by and determined in accordance with the substantive laws of the State of Oregon, without regard to Oregon choice of law provisions. Provided, however, that any law of the State of Oregon that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Oregon laws will prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, *et seq.*) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of any Oregon franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. No franchise or business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Oregon or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Oregon, will be construed and enforced according to the laws of that state.

The parties have negotiated regarding a forum in which to resolve any disputes arising between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving you (or your officers, directors, shareholders, members, partners or other owners) and us, the parties agree that all issues or disagreements between them will be mediated, arbitrated, tried, heard, and decided in Portland, Oregon or in the future the county in which our headquarters is then located which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of, and best meets the interest of, all of the members of the Organic Bronze Bar franchise system.

D. Remedies. You recognize the unique value and secondary meaning attached to the Method of Operation, the Service Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Method of Operation or the Service Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

Our and your rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude exercise or enforcement of any other right or remedy which a party to this Agreement is entitled by law to enforce. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorney fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the confidentiality requirements and covenants not to compete described in this Agreement.

You acknowledge that any violation of the confidentiality requirements and covenants not to compete would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state. You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any of covenants, confidentiality requirements or covenants not to compete set forth in this Agreement that apply to you or to any other of our franchisees. We may do so without your consent, effective immediately upon your receipt of written notice. You agree that you will comply with any covenant that pertains to you as we so modify it.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

Except with respect to the parties' obligation to indemnify each other as outlined in this Agreement, we and you and our respective principals waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other (including lost profits incurred as a result of any termination of this Agreement) and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any direct or general damages it sustains.

Limitations: Any judicial proceeding between two or more of the parties shall be governed by the following limitations:

1. Such judicial proceeding will be considered unique as to its facts and may not be brought as a class action. You and each of your owners waive any right to proceed against us by way of class action. The court will not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other judicial or arbitration proceeding involving any other

franchisee. Each party waives the right to claim that a prior disposition of the same or similar issues preclude such independent determination.

2. The parties agree that a judicial proceeding will be tried before the court sitting without a jury, notwithstanding any State or Federal constitutional or statutory rights. Each party waives any right to have any action tried by jury.
3. Except with respect to obligations regarding use of the Service Marks, the Operations Manual and confidential information, the parties waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party and agree that the party making any claim directly or indirectly arising from or relating to this Agreement will be limited to recovery of actual and consequential damages sustained.

E. **Attorney's Fees.** The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees and previously incurred mediator fees. These will be set by the arbitration, proceeding or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding as determined by the trier of fact based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues. Attorney fees will include, without limitation, fees incurred in the following: (a) post judgment motions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third-party examinations; (d) discovery; and (e) bankruptcy litigation. This subsection is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

9.9 **Other Agreements.** If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

Whenever this Agreement requires that you enter into a release, such as for a transfer, renewal or purchase of an additional franchise, the release will be in substantially the following form:

You (and your owners, members, partners, officers, and directors) agree to the following general release, subject to and following laws applicable in your jurisdiction, to release us from any claims you may have against us:

In consideration of the mutual covenants and understandings set forth in this release agreement, you release and discharge us and our current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the franchise and the Studio ("your Prior Franchise Agreement").

You release and forever discharge us and our current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement.

You represent that this release has been read and that it is fully understood and voluntarily

accepted. The purpose of this release is to make a full, final and complete settlement of all claims against us, known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer [renewal] agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement prior to the date of the transfer [renewal] agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims against us, other than these expressly reserved:

any future claims we may have against you for: your past, present and future violations of the post-termination covenants contained in the Prior Franchise Agreement and [fill in blank as appropriate]

[any future claims you may have against us for:] [fill in blank as appropriate]

with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

You will waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction, recognizing that while there may be new or different facts of which we are unaware at the time that this release is executed, we have nevertheless weighed the advantages and disadvantages of entering into this Release, and while we may be unaware of relevant facts, we are also aware that not every eventuality or condition can be anticipated and that we prefer the current certainty of this Release to the possibility of discovering new or different facts in the future.

9.10 **Agreement Binding on Successors and Assigns.** This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

9.11 **Execution in Counterparts and Our Acceptance.** This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our home office. If we do not accept it within **60** days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

9.12 **Approval by Shareholders, Members or Partners.** If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners read and approve this Agreement, agree to the restrictions on them (including restrictions on the transfer of their interest in the Franchise and the restrictions and limitations on their ability to compete with us), and jointly and severally guarantee your performance under this Agreement. We may request a copy of the Resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

Your ownership certificates will have conspicuously endorsed upon them a statement that they are subject to, and that further assignment or transfer of them is subject to, the restrictions imposed upon assignments by this Agreement.

The following applies both to this Agreement and to any other franchise agreement between you and us:

If You are an entity with more than one owner, the partnership agreement, shareholders agreement, limited liability operating agreement or other similar agreement for the entity ("Owners Agreement") must contain the following provisions which will supersede any contrary provisions in that agreement:

- A. Your owners ("Owners") agree to submit any dispute they cannot resolve relating to the operation and management of the franchise business to arbitration by our president or his designee. If the arbitration submission is accepted by our president, it must be held at our headquarters or at another location the Owners and the arbitrator agree. The decision of the arbitrator will be final and subject to enforcement by the courts of competent jurisdiction. If the submission to arbitration is not accepted by our president, the Owners must resolve their disputes in accordance with the other provisions of this Franchise Agreement.
- B. The term "operations and management" includes, but is not limited to, questions relating to:
 - 1. Allocations of management responsibilities between the Owners;
 - 2. Contributions to capital for purposes of business operations, repairs and remodeling;
 - 3. The reasonable salaries of the Owners;
 - 4. Marketing efforts;
 - 5. The termination of the employment of an Owner;
 - 6. Procedures for making and implementing management decisions;
 - 7. Whether an Owner has performed duties with respect to the operation or management of the franchise business.
- C. Unless the Owners and the arbitrator agree in writing otherwise, "operation and management" does not include questions relating to:
 - 1. Allocations, computations or distributions of profit or loss;
 - 2. Accounting issues;
 - 3. Elections of officers of the entity;
 - 4. Investments of cash not necessary for the operation of the business;
 - 5. Determining whether an Owner is disabled or incompetent within the meaning of the Owners Agreement;
 - 6. The fair market value of the Owners' interests in the entity;
 - 7. Whether an event has occurred, which gives rise to a right to buy the interest of an Owner other than a right resulting from an Owner's default determined to exist under B, above;
 - 8. Whether an Owner has met his obligations to purchase the interest of any current or former Owner;
 - 9. Matters relating to the winding up of the entity after a dissolution;
 - 10. Matters relating to the legal validity of the Owners Agreement.
- D. The Owner's agreement must provide that the Owner or Owners who are to be responsible for on premises operation of the franchise business must own 50% or more of the capital interests in the entity and that the Owners of the entity must have voting rights proportionate to their interests in capital.

- E. The Owners agree to notify us in writing of their intent to enter into, modify or amend any Owners Agreement. Notice must be given at least 10 business days before they enter into that agreement, modification or amendment. The purpose of this notice is to enable us to review it for compliance with this section.
- F. Inclusion of these provisions in the Owner's Agreement will be a condition to our consent to the transfer of the franchise to an entity.

9.13 **Personal Guarantee.** The undersigned Guarantors are all of your partners, members, shareholders or owners. They jointly, severally, irrevocably, and unconditionally guarantee to us the due and punctual observance and performance by you of all of your obligations under this Agreement and any other agreement to which we and you are parties. Each Guarantor agrees to guarantee us against all liability, loss, harm, damage, costs, and expenses (including attorney fees) that we may incur because of your failure to observe your obligations. The liabilities and obligations of each Guarantor will not be released, discharged, or affected by our release or discharge of or dealing with you under any of these agreements; or by anything we do, suffer, or allow to be done in relation to you; or by change, alteration, or modification of any of the agreements; or by any compromise, arrangement, or plan of reorganization affecting you; or by your bankruptcy or insolvency; or by any other act or proceeding in relation to you or any of the agreements by which any Guarantor might otherwise be released. The liabilities and obligations of each Guarantor pursuant to this Guarantee will be continuing in nature and will terminate only on the satisfaction of your obligations under this Agreement. A fresh cause of action will arise in respect of each breach by you producing a liability of any Guarantor.

The Guarantors agree that it shall not be necessary for us or our assigns to institute suit or exhaust our legal remedies against you in order to enforce this guaranty. Guarantors agree that we may from time to time extend the time for performance or otherwise modify, alter, or change this Agreement, may extend the time for payment of all sums guaranteed, and may receive and accept notes, checks, and other instruments for the payment of money made by you and extensions or renewals without in any way releasing or discharging Guarantors from their obligations. This guaranty shall not be released, extinguished, modified, or in any way affected by our failure to enforce all the rights or remedies available to it under this Agreement. Our release of one or more Guarantor will not operate as a release of the other Guarantors.

9.14 **Representations and Acknowledgements.**

A. **Receipt of Disclosure Documents.** You acknowledge that you have received our Franchise Disclosure Document at the earlier of (1) the first personal meeting with us (in Maryland, New York and Rhode Island); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale. In addition, you acknowledge either:

1. receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or
2. if we unilaterally or materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the Franchise Disclosure Document, you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than 7 calendar days before you signed this Agreement.

B. **Varying Forms of Agreement.** You are aware that some present and future Organic Bronze Bar franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

C. **No Review of Business Plans, Loan Applications.** Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third-

party loan applications related to your purchase of and proposed operation of the franchise. We do not receive or review business plans and loan applications before a franchisee signs the relevant franchise agreement. We have strongly recommended that you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential franchise investment for you. You acknowledge that we will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchise.

D. **Your Location and Market Area.** You acknowledge that we will not provide or designate locations for you. You have investigated the potential of the market area in which you are to establish and operate your franchise business and the laws and regulations applicable thereto (or will do so if you have not yet found a Studio). You agree and represent that that market area is reasonable, the Studio will be suitable for the operation of an Organic Bronze Bar franchise, and the Initial Franchise Fee represents fair consideration for the opportunity to establish and operate an Organic Bronze Bar franchise.

E. **Health and Full-Time Participation.** You acknowledge that an Organic Bronze Bar business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You or your majority owner if you are a corporation, limited liability company or partnership, must actively participate in the daily affairs of the business. You represent that you or your majority owner are in good health and able to devote your full time and best efforts in the day-to-day operations of your franchised business or that you have the business management skills necessary to successfully hire a general manager to run the day-to-day operations of your franchised business.

F. **Terrorism, Convictions, Immigration Status.** You represent to us, unconditionally and without reservation, that:

Neither you, nor your spouse, nor your children, nor your parents, nor any employee or prospective employee of the franchise business, nor anyone who has an interest in or who will manage the franchise, nor any of your partners or affiliates: supports terrorism, provides money or financial services to terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et money or financial services from terrorists or institutions that support terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. is engaged in terrorism, or in any activity, organization or plan with or of any person or organization, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900, et seq.

Neither you nor any of these persons has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with and travel to the United States to fulfill your obligations under your agreements with us.

Neither you, nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any employee or prospective employee of the franchise

business, nor any of your partners or affiliates has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

You, your spouse, your children, your parents, and anyone who has an interest in or who will manage the franchise, and all employees or prospective employees of the franchise business, and all of your partners or affiliates are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your franchise, are identified on the list at the United States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are 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 you nor any of your affiliates are 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 you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

You represent and warrant that:

Neither you nor any of your owners or agents conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("**Patriot Act**") and any amendments or successors thereto.

Neither you, any of your owners nor any employee or agent is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control (currently, this list is published under the Internet website address: www.treasury.gov/offices/enforcement/ofac/), and that you are neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or your owners or agents act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this subsection incorrect.

You understand and have been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at: www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at: www.epic.org/privacy/terrorism/usapatriot/), and you acknowledge the importance to us, the Method of Operation and the parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to us or any government, that is made part of any applicable law or regulation. You will take all reasonable steps to require your consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

G. **We May Investigate.** We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

H. **Operations Manual.** You acknowledge that the Operations Manual is loaned to you by us and at all times the Operations Manual and any updated or amended pages remain our property and that the copyright in the Operations Manual and all associated materials is vested in us. You agree to return to us the Operations Manual and any updated or amended pages immediately upon written demand.

I. **Data Protection Laws; Personal Information.** You will: (i) comply with all applicable data protection laws; (ii) comply with all of our requirements regarding the data protection laws contained in the Operations Manual or otherwise; (iii) refrain from any action or inaction that could cause us or our affiliates to breach any applicable data protection law; (iv) do and execute, or arrange to be done and executed, each act, document and thing necessary or desirable to keep us and our affiliates in compliance with any applicable data protection law; (v) reimburse us and our affiliates for any and all costs incurred in connection with your breach of any data protection laws; and (vi) permit us and our affiliates to use any data or other information each of them gathers concerning you in connection with the establishment and operation of franchised and company owned locations by us or our affiliates.

Without limiting the foregoing, you consent to the disclosure by us of certain personal information concerning you and the Franchise and the Studio, namely your identity, including your name, address and telephone number, in our franchise disclosure documents, whether or not such disclosure is required by law, and in our other documents relating to the sale of franchises.

Further, you consent to the additional disclosure by us of certain personal information concerning you, the Franchise and the Franchised Premises, including historical performance of the Franchise, sales, revenues, expenses, costs, results of operations, and similar financial information and operating information, and any information regarding the expiration or termination of this Agreement, to a prospective transferee of your Franchise or of the Studio or any other purchaser of any other franchise from us.

J. **State Law Addendum.** Attached as an exhibit to this Agreement and incorporated by reference, as applicable, are additional terms and conditions applicable to franchisees and their principals based in certain states within the United States of America (the "State Law Addendum"). Each provision of the State Law Addendum will be effective only to the extent that the jurisdictional requirements of the applicable state law are applicable to the provisions of this Agreement are met independent of the State Law Addendum. If the State Law Addendum is deemed to be inconsistent with any terms or conditions of this Agreement (including its exhibits or attachments other than the applicable State Law Addenda), the terms of the State Law Addendum will control.

K. **Supplier Approval.** You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

L. **Release of Prior Claims.** By executing this Agreement, you, on behalf of yourself and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever release and discharge us, our past and present employees, agents, members, area developers, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims

relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other prior claims relating to any prior dealings between any of the parties apart from those specifically related to this Agreement. However, this release does not apply to any claim you may have arising from representations in our Franchise Disclosure Document, or its exhibits or amendments.

M. Force Majeure. The failure of any party to perform under this Agreement will be excused, if the failure to perform is caused by a Force Majeure provided the party so affected will give the other party immediate written notice of the cause of nonperformance, will use its best efforts to avoid or remove the cause, and will continue performance under this Agreement whenever the cause is removed. "Force Majeure" includes, without limitation, any event caused by or resulting from conditions that are beyond the reasonable control of a party whose performance is affected and occurring without the party's fault or negligence. Examples of events of Force Majeure include, without limitation, an act of God; labor strike or other industrial disturbance; revolution; riot; civil commotion; acts of public enemies; catastrophe; failure of third party suppliers not under a party's control; transportation delay; war; insurrection; epidemic or pandemic; fire; hurricane; flood; earthquake or other natural disaster; adverse acts of any government; materials or labor shortage; failure of third party suppliers; social unrest or upheaval; economy/fiscal emergency or crisis; banking system delays or failure; abnormal inflation or deflation; delay or an act or failure to act of the other party; accidental, negligent, or purposeful act or failure to act by a party or by any third person that materially damages or diminishes the value of the Marks (e.g. Dickey's Toxic Tea); etc.

10 **SIGNATURES**

IN WITNESS, the parties have executed this Agreement on the day and year first above written.

("we/us"): **OBb FRANCHISING LLC** (jointly and severally "you"):

By: SAMPLE – NOT FOR EXECUTION

By: SAMPLE – NOT FOR EXECUTION

Title: _____

_____, an individual

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER, DIRECTOR OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

The undersigned officer _____ being the _____ of _____, pursuant to authority granted to him at a duly called meeting of such company on the __ day of _____, 20__, executes this instrument, by signing the name of the company, as an officer.

("we/us"): **OBB FRANCHISING LLC** ("you"):

By: SAMPLE – NOT FOR EXECUTION

By: _____

Title: _____

By: SAMPLE – NOT FOR EXECUTION

By:

Title:

By: SAMPLE – NOT FOR EXECUTION

By:

Title:

Guarantors:

_____, an individual

_____, an individual

_____, an individual

EXHIBIT 1– FRANCHISE TERRITORY

SAMPLE – NOT FOR EXECUTION

1) **FRANCHISE TERRITORY:** The Franchise Territory is [the city limits as of _____, 20__ of _____, _____]. [Five driving miles from the Studio or about 300,000 to 500,000 persons of population]

2) **STUDIO:** The Studio is or will be located at _____.

The site of the Studio Premises and the boundaries of the Franchise Territory are based on the physical location of the references used to describe the Franchise location or the boundaries of the territory on the date of this Agreement. If a street address is used to describe a location, the renumbering of the address will not serve to move the location. If a specified boundary of the Franchise Territory is described as a street, the center line of the street is intended; if the boundary is described as a political dividing line (such as a city limit), the line utilized by the appropriate political jurisdiction is intended. The area and physical location of any Franchise Premises location or of the Franchise Territory will not be altered by a subsequent movement of the references originally used to describe them. Also, it is only those points to the “inside” of the boundary that form a part of the Franchise Territory (for example, if a Franchise Territory is bounded on the north by Main Street, only the area south of the center line of Main Street is within the Franchise Territory).

For all calculations based upon a distance (for example, the boundaries of your Franchise Territory), the measurement will be made following the shortest driving distance on major thoroughfares in every possible direction measured by the centerline between the nearest points as of the date of this Agreement; if any portion of an object is within the prescribed distance from a point, the entire object is considered to be within that distance.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of salons by any party and concerning any territory protections granted to you.

OR

3) **DEVELOPMENT AREA:** If either the Franchise Territory or the Studio has not been determined when this Agreement is executed, you are responsible for selecting the site for your Studio within the following Development Area: _____.

The Franchise Territory and your franchise site must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of stores by any party and concerning any territory protections granted to you.

To obtain our approval of a proposed site, you must submit a written site proposal to us, in the form indicated in the Operations Manual. Once our initial approval has been obtained, you will obtain for our approval a letter of intent or copy of the proposed lease setting forth all of the material terms and conditions for your occupancy and use of the proposed site written agreement of the owner or master tenant of the proposed site to execute our form Addendum to Lease. You will be solely responsible for negotiating the terms of the lease.

Following receipt of your written site proposal, we may, in our sole discretion, make an on-site visit to the proposed site at our expense if we reasonably believe that physical inspection of the demographic conditions of the area, or the proposed site, is necessary or desirable to evaluate your proposal. You understand and agree that the on-site visit is at our option

and not required by this Agreement. If you propose more than one site and we determine that we must make more than one site visit in connection with the site review process, we may charge you a Site Review Fee of \$1,000/day plus reimbursement of our reasonable travel expenses, including, without limitation, expenses for air and ground transportation, lodging, meals, and miscellaneous travel-related personal charges, which you will pay to us within 15 days of invoice.

We will have 30 days following receipt of your completed site proposal to complete any site visit that we choose to make and approve or disapprove the proposed site by giving written notice to you (the "Site Approval Notice"). If you propose more than one site, we need only approve one site or may disapprove all proposed sites. Our failure to give timely notice of approval will constitute our disapproval of all sites you proposed.

Our approval of a site signifies only that the site meets our current site criteria and that the owner or master tenant of the proposed site will execute our form Addendum to Lease and permit you to occupy the site the purpose of operating a franchise on the terms of this Agreement. Our approval of a site does not certify that your development, use or occupancy of the site will conform to applicable law, or guaranty or warrant that operation of a franchise at the site will be successful or profitable. In approving the site, we have no duty to investigate or inform you about the commercial building permits, availability of relevant licenses, zoning requirements and other building conditions applicable to developing the approved site, which you are solely responsible for investigating.

The fact that we may, in our sole discretion, offer you advice, recommendations or services in connection with site location, lease negotiation or building conditions will not constitute an admission on our part that we are responsible for identifying potential sites, negotiating the lease or investigating the feasibility of the site. You understand that site investigation, site selection and lease negotiation are your sole responsibility, subject to our right to approve the site on the terms of this Agreement. You understand that we recommend that you retain the services of a professional site investigation company to help you evaluate the feasibility and costs of developing the site.

EXHIBIT 2 TO STANDARD FRANCHISE AGREEMENT

CO-BRANDING ADDENDUM

(FOR FRANCHISEES AND OPERATORS OF OTHER CHAINS)

ORGANIC BRONZE BAR FRANCHISE, LLC, an Oregon limited liability company ("Franchisor") and _____ ("Franchisee") are parties to a Franchise Agreement dated _____, 20____.

In consideration of the mutual covenants and commitments expressed in this Exhibit, Franchisor and Franchisee further agree as follows:

1. **Franchise agreement.** All of the terms defined in the franchise agreement shall have the same meaning when used in this agreement. Except as modified by this co-branding addendum, all provisions in the Franchise Agreement shall apply to the operation of the co-branded Studio.

2. **Grant of rights.** Franchisee currently operates a _____, whose primary trademarks are: _____. Franchisor grants franchisee the right to operate a co-branded **Organic Bronze Bar** to be operated in, within or adjacent to that outlet.

3. **Location and opening.** The co-branded **Organic Bronze Bar** must be within or adjacent to franchisee's existing facility. The location shall be (fill in when known): _____. This co-branded **Organic Bronze Bar** does not have any exclusive or Development Area protection.

4. **Initial fee.** Franchisee hereby deposits with franchisor the sum of \$_____ to acquire the rights granted. There is no other initial fee for this co-branding addendum. A separate franchise agreement and co-branding addendum must be signed and fee paid for each co-branded Studio.

5. **Modification of franchise agreement and standards.** Certain of the procedures set forth in the Standard Franchise Agreement relating to obtaining a location, site surveys, plans, permits, fixtures, furniture, equipment and signs may not be directly applicable because Franchisee may utilize space within its existing outlet. Nevertheless, Franchisee will attempt to comply with the provisions of the Franchise Agreement that are reasonably applicable to its co-branded Studio, all co-branding requirements expressed in the Operations Manual, and all other relevant procedures, including submitting to Franchisor for its prior approval all remodeling plans and proposed lease or sublease agreements. If Franchisee is an operator, owner, or franchisee of the chain, Franchisee acknowledges that it must fully comply with the applicable operating agreements and standards relating to the chain, such as a franchise agreement and lease. In such event, Franchisee will supply Franchisor with copies of all contracts with the owner, landlord and operator of the chain. Franchisor may have entered into a separate agreement with the chain relating to reciprocal development or co-branding rights, and Franchisee will abide by the obligations in such separate agreement to the extent that these obligations are made known to it. Franchisor's training and assistance specified in the Franchise Agreement shall be of shorter duration at Franchisor's discretion, taking into account the reduced franchise fee and Franchisee's experience in operating an existing chain outlet. Franchisor and Franchisee may mutually agree to modify Franchisor's standards and specifications to be consistent with the methods of operation of the chain outlet in which the **Organic Bronze Bar** is located. [Franchisor waives its right after termination or expiration to purchase assets of the Studio.]

6. **Termination.** This Co-Branding Addendum may be terminated by Franchisor separately from the Franchise Agreement, on any of the bases for termination provided in the Franchise Agreement. If the chain outlet ceases to be operated by Franchisee, the Franchise Agreement shall terminate effective on the date of such cessation (unless expressly agreed in writing by Franchisor). In addition, if Franchisor decides, in its sole discretion to discontinue the co-branding program, Franchisee may be given three years' written notice of the termination of its rights. Upon termination or expiration, Franchisee will abide by all post-termination covenants in the Franchise Agreement, including its obligation to discontinue operation of the co-branded Studio.

The parties have executed this Co-Branding Addendum on _____, 20____.

FRANCHISOR

FRANCHISEE

Organic Bronze Bar Franchise, LLC

Franchisee's printed name

By: _____

Franchisee's signature

Its: _____

Franchisee's signature

(Address)

(City, State)

All owners of an entity Franchisee must sign. Attach additional pages if necessary.

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

SAMPLE – NOT FOR EXECUTION

Rider to Lease dated the _____ **STUDIO LEASE AGREEMENT RIDER**

THIS RIDER has been entered this ____ day of _____, 201___. It is by and between _____, ("Landlord") and _____ (jointly and severally "Tenant").

RECITALS

On or about _____, 20__, Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of an **Organic Bronze Bar®** franchise at the following location: _____ (the "Studio").

On or about _____, 20__, Tenant and OBB Franchising LLC (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate an **Organic Bronze Bar** franchise at the Studio.

Landlord and Tenant desire to execute this addendum to the Lease Agreement to give Franchisor certain rights to the Studio as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises.** Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of an **Organic Bronze Bar** facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: **Organic Bronze Bar**, and all other marks that Franchisor develops for an **Organic Bronze Bar** facility in the future.
2. **Landlord Reports and Disclosures to Franchisor.** Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.
3. **Assignment to Franchisor.** Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to receive an assignment of the Lease Agreement and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Franchise Agreement.
4. **Tenant's Default; Notice to Franchisor.** Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within **15** business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

OBB FRANCHISING LLC

7365 SW Barnes Road, Suite B
Portland, Oregon 97225
(503) 705-0347

5. **Franchise Premises De-identification.** Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Studio. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the cooler scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Studio from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease Agreement.** Landlord will not extend, renew, or cancel the Lease Agreement without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Signatures.**

IN WITNESS, the parties have executed this Rider on the day and year first above written.

("Landlord: SAMPLE – NOT FOR EXECUTION):

By: _____

Title: _____

("Tenant"):

By: _____

Title: _____

EXHIBIT 4 TO THE FRANCHISE AGREEMENT
SBA ADDENDUM

INSTRUCTIONS FOR USE OF SBA FORM 2462 ADDENDUM TO FRANCHISE AGREEMENT

SBA has issued a revised version of the Addendum to Franchise Agreement (SBA Form 2462) which became effective January 1, 2018. SBA's Standard Operating Procedure (SOP) 50 10 5(J) explains updates made to the franchise review process for the 7(a) and 504 loan programs. By executing this Addendum, the franchisor agrees that any terms in its franchise agreement or any other document the franchisor requires the franchisee to sign that are related to control by the franchisor or its franchisees (resulting in a determination by SBA of affiliation between the Franchisor and its franchisees, as defined in 13 CFR part 121 and SBA's Standard Operating Procedure 50 10) will not be enforced against the franchisee during the life of the SBA-guaranteed loan.

SBA Form 2462 has **three** locations with drop down menu options at the beginning of the form (see example below). Once a drop down option is chosen (i.e. #1 "Franchise" #2 "Franchisor" and #3 "Franchisee"), the user must hit the "tab" key to automatically populate the appropriate term in all fields.

Example of Drop-Down Options

The screenshot shows the top portion of SBA Form 2462. On the left is the SBA logo. The title is "ADDENDUM TO Franchise AGREEMENT". A drop-down menu is open under "Franchise", showing options: "Franchise", "License", "Distributor", "Membership", and "Other". A red box with the number "1" points to this menu. Below the title, the text reads: "THIS ADDENDUM ('Addendum') is made between _____, 20____, by and _____ ('Franchisor'), located at _____, and _____ ('Franchisee'), located at _____." Red boxes with numbers "2" and "3" point to the drop-down menus for "Franchisor" and "Franchisee" respectively.

Once the drop down options have populated in all three locations, the remaining fillable fields must be completed manually (see example below). These fields will either be blank or contain the language "(Enter type of)" or "(type of agreement)". In each of these fields, enter the type of agreement, e.g., franchise, license, dealer, membership, etc. When completing SBA Form 2462, the text may not be altered except to insert the information required to complete the form.

Example of Fillable Fields to be Completed Manually

FORCED SALE OF ASSETS

- If Franchisor _____ has the option to purchase the business personal assets upon default or termination of the Franchise _____ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee _____ owns the real estate where the franchisee _____ location is operating, Franchisee _____ will not be required to sell the real estate upon default or termination, but Franchisee _____ may be required to lease the real estate for the remainder of the (enter type of) _____ term (excluding additional renewals) for fair market value.

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor _____ and Franchisee _____. Additionally, the applicant Franchisee _____ and the (type of agreement) _____ system must meet all SBA eligibility requirements.



ADDENDUM TO LICENSE

¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Licensor"), located at _____, and _____ ("Licensee"), located at _____.

Licensor _____ and Licensee _____ entered into a License Agreement on _____, 20____, (such Agreement, together with any amendments, the "License Agreement"). Licensee _____ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the License Agreement or any other document Licensor _____ requires Licensee _____ to sign:

CHANGE OF OWNERSHIP

- If Licensee _____ is proposing to transfer a partial interest in Licensee _____ and Franchisor _____ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor _____ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Licensee _____. If the Franchisor _____'s consent is required for any transfer (full or partial), Franchisor _____ will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) _____ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Licensee _____.

FORCED SALE OF ASSETS

- If Franchisor _____ has the option to purchase the business personal assets upon default or termination of the License Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Licensee _____ owns the real estate where the license location is operating, Licensee _____ will not be required to sell the real estate upon default or termination, but Licensee _____ may be required to lease the real estate for the remainder of the (enter type of) _____ term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Licensee owns the real estate where the licensee location is operating, Franchisor has not and will not during the term of the License Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Licensee's real estate, they must be removed in order for the Licensee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Licensee's employees. For temporary personnel franchises, the temporary employees will be employed by the Licensee not the Franchisor.

As to the referenced License Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Licensee.

Except as amended by this Addendum, the License Agreement remains in full force and effect according to its terms.

Franchisor and Licensee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR :

By: _____

Print Name: _____

Title: _____

Authorized Representative of LICENSEE :

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Licensee. Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

EXHIBIT 5 TO THE FRANCHISE AGREEMENT
EFT FORM

ELECTRONIC DEBIT AUTHORIZATION FORM

The undersigned (the "Franchisee") acknowledges that on or about _____, 20____, Franchisee and OBB Franchising LLC (the "Franchisor") entered into a franchise agreement (the "Franchise Agreement") for the operation of an Organic Bronze Bar franchise.

To enable Franchisor to receive automatic payments pursuant to the Franchise Agreement and Franchisor's Operations Manual, Franchisee authorizes (the "Authorization") Franchisor to withdraw funds from and otherwise initiate debit entries to Franchisee's checking account, indicated below, and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: _____
Branch: _____
City State and Zip: _____
Transit/ABA#: _____
Bank Account Name: _____
Bank Account Number: _____
Tax ID for Account: _____

This Authorization is to remain in full force and effect until the underlying obligations of the Franchise Agreement have been satisfied in full or expressly released in writing by Franchisor. Franchisee expressly agrees that this Authorization will apply to any and all depositories and bank accounts which Franchisee opens during the term of the Franchise Agreement and any renewal terms. Without limiting the above, Franchisee acknowledges and agrees that if Franchisee closes any bank account, Franchisee will:

- 1) immediately notify Franchisor in writing;
- 2) open or otherwise establish another bank account;
- 3) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means.

Franchisee expressly acknowledges and agrees that this Authorization will be the only written authorization needed from Franchisee in order to initiate debit entries/ACH debit originations to Franchisee's bank account(s) established with any depository in the future.

Name of Franchisee(s): _____

Franchise #: _____

Signature: _____
Print Name: _____
Title: _____
Date: _____

Notice to Franchisee

- 1) ATTACH ONE VOIDED CHECK HERE.
 - 2) ENSURE TO COMPLETE ALL BLANK SPACES ABOVE.
 - 3) RETURN 2 ORIGINAL COPIES OF THIS FORM TO FRANCHISOR IMMEDIATELY.
- Exhibit C to the Franchise Disclosure Document

EXHIBIT 6 TO THE FRANCHISE AGREEMENT
ADDITIONAL REPRESENTATIONS AND TERMS

OBB FRANCHISING LLC, an Oregon limited liability company ("we/us") and _____
(jointly and severally "you") are parties to a Franchise Agreement dated _____
, 20____ (the "Franchise Agreement").

In consideration of the mutual covenants and commitments expressed in this Exhibit, we and you further agree as follows to add information about the franchise sales process and to confirm any additional commitments or terms beyond those contained in the Franchise Agreement including any oral statement, representation, promise, or assurance made during the negotiations for the purchase of a *Dance Vision* franchise by any of our directors, officers, employees, agents, or representatives (each, a "Representative").

I. FRANCHISE LOCATION

Reliance on Representatives in Site Selection

We or our Representatives have made the following representations about the value of the Site or what volume of sales or net earnings the Site will or should generate as an Organic Bronze Bar franchise:

II. LEASE TERMS

Reliance on Representatives

We or our Representatives have made the following representations or opinions related to execution of the lease or contract to purchase of the Site:

III. FRANCHISE

A. Description of Representations

1. We or our Representatives have made the following representations, promises, agreements, contracts, commitments, understandings, "side deals" or other promises with respect to any matter not expressly contained in the Franchise Agreement. This includes the following representations or promises regarding advertising, marketing, Site location, operational assistance, or other services:
2. We or our Representatives have made the following oral, written, or visual claims or representations, promises, agreements, contracts, commitments, understandings or otherwise which add to or contradict or are inconsistent with the Disclosure Document or the Franchise Agreement:
3. We or our Representatives have made the following oral, written, visual, or other claims or representations which state or suggest any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19:

4. We or our Representatives have made the following statements, promises or assurances concerning the likelihood of success that you should or might expect to achieve from developing and operating an *Organic Bronze Bar* franchise:
5. We or our Representatives have made the following statements, promises or assurances concerning the advertising, marketing, training, support services or assistance that we will furnish you that is **in addition to**, contrary to, or different from, the information contained in the Franchise Disclosure Document.
6. We or our Representatives have made the following statements, promises or assurances concerning any other matter related to an *Organic Bronze Bar* franchise that is in addition to, contrary to, or different from, the information contained in the Disclosure Document:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of

- (i) **waiving any claims under any applicable state franchise law, including fraud in the inducement** (such as any liability the franchisor may have under California Corporations Code Sections 31512 and 31512.1; the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, and similar state laws), **or**
- (ii) **disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

Washington franchisees should not sign the Additional Representations and Terms.

This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California.

Dated this _____ day of _____, 202_____.

("we/us"): OBB FRANCHISING LLC (jointly and severally "you"):

By: _____ By: _____

_____, an individual

Title: _____

By: _____

Title: _____

Approved as to Form:

Of Legal Counsel for us

Of Legal Counsel for you

THIS DOCUMENT DOES NOT APPLY IN CALIFORNIA AND MARYLAND AND CALIFORNIA AND MARYLAND FRANCHISEES SHOULD NOT COMPLETE OR SIGN THIS DOCUMENT IF THE FRANCHISEE RESIDES WITHIN OR OF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN CALIFORNIA OR MARYLAND.

CONFIRMATION OF ADDITIONAL REPRESENTATIONS AND TERMS BY PROSPECTIVE FRANCHISEES

~~OBB Franchising LLC ("we/us"), through the use of this Franchisee Closing Questionnaire, desires to verify certain information about the sales process and to confirm any additional commitments or terms beyond those contained in our standard franchise agreement contained in our current Franchise Disclosure Document (the "Franchise Disclosure Document"), including any oral statement, representation, promise, or assurance made during the negotiations for the purchase of an **Organic Bronze Bar** franchise by any of our directors, officers, employees, agents, or representatives (each, a "Representative").~~

~~1. Please state the full name of each individual and entity that will be an owner of the Franchise and an owner of an entity that owns the Franchise:~~

~~2. What is the location of the Franchise you are purchasing?~~

~~3. Have you received a copy of our most current Disclosure Document?~~

~~_____ Yes _____ ☐ No _____ ☐~~

~~On what date did you receive the Disclosure Document? _____~~

~~I. FRANCHISE LOCATION~~

~~A. Location~~

~~You have applied for and are in the process of receiving a Franchise to an Organic Bronze Bar franchise to be located at _____ in the city of _____, State of _____ ("the Site").~~

~~B. Reliance on Representatives in Site Selection~~

~~Please describe any representation we or our Representatives have made about the value of the Site or what volume of sales or net earnings the Site will or should generate as an Organic Bronze Bar franchise:~~

~~II. LEASE TERMS~~

~~A. Reliance on Representatives~~

~~Describe any representations or opinions expressed by us or our Representatives related to execution of the lease or contract to purchase of the Site:~~

~~C. Submission to Us~~

~~You will submit to us the lease or contract to purchase for approval before you execute it.~~

~~III. FRANCHISE~~

~~A. Description of Representations~~

- ~~1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, Site location, operational assistance, or other services:~~
- ~~2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives:~~
- ~~3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document including Item 19:~~
- ~~4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating an Organic Bronze Bar franchise:~~
- ~~5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that **Organic Bronze Bar** will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise:~~
- ~~6. Describe any other statement, promise or assurance concerning any other matter related to an **Organic Bronze Bar** franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance:~~

~~IV. YOUR PARTICIPATION~~

- ~~A. You will personally participate in the management of the Organic Bronze Bar Franchise as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.~~
- ~~B. Your purchase of the franchise is for your own account and is not made with a view to or for resale.~~

~~ACKNOWLEDGEMENT~~

~~1. Did you receive the Disclosure Document at least 14 calendar days before you signed a binding agreement with or made a payment to us or our affiliate in connection with the proposed franchise sale, or sooner if required by state law? If not, please describe when you received the Franchise Disclosure Document and when you signed the agreement or paid the money:~~

~~2. Did you receive any negotiated modifications to the Franchise Agreement (if applicable) at least 7 calendar days before signing them? If not, please describe when you received them:~~

~~3. Did we or our Representatives advise you to fill in and complete this Questionnaire except as based upon your personal knowledge and experience? If not, please describe what you were instructed):~~

~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of~~

- ~~(i) waiving any claims under any applicable state franchise law, including fraud in the inducement (such as any liability the franchisor may have under California Corporations Code Sections 31512 and 31512.1; the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, and similar state laws), or~~
- ~~(ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~THIS DOCUMENT DOES NOT APPLY IN CALIFORNIA AND MARYLAND AND CALIFORNIA AND MARYLAND FRANCHISEES SHOULD NOT COMPLETE OR SIGN THIS DOCUMENT IF THE FRANCHISEE RESIDES WITHIN OR OF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN CALIFORNIA OR MARYLAND.~~

~~Dated this ____ day of _____, 202__.~~

~~An Individual~~

~~Approved as to Form:~~

~~Of Legal Counsel for us~~

~~Of Legal Counsel for you~~

EMPLOYEE BRAND PROTECTION AGREEMENT

This **EMPLOYEE BRAND PROTECTION AGREEMENT** ("Agreement") is entered into as of _____, between _____ ("Franchisee") and _____ ("Employee"), residing at _____.

A. _____ Franchisee is the holder of an **Organic Bronze Bar**[®] franchise developed by **OBB FRANCHISING LLC** ("Franchisor").

B. _____ Franchisor has developed certain confidential and proprietary information for the operation of an **Organic Bronze Bar** franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures ("Proprietary Information").

C. _____ Included in the Proprietary Information are confidential and proprietary processes, methods, formulas, measurements, and other information relating to organic airbrush tanning - hand sprayed using a formula made with all natural and organic ingredients and no harmful chemicals - spa services; skin care products and other specialty items; with complementary products and services (collectively "Method of Operation") for use in the operation of an **Organic Bronze Bar** franchise businesses.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. **Acknowledgement.** Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its **Organic Bronze Bar** franchise. Employee further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its **Organic Bronze Bar** franchise.

2. **Non-Use, Non-Disclosure.** Except as may be required in the performance of duties for Franchisee, Employee shall not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all or any part of the Proprietary Information at any time.

2.1 **No Reverse Engineering.** Employee shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including without limitation, the Method of Operation, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering as relates to the Recipes will include any deviations from the Method of Operation that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Method of Operation.

3. **Duty to Notify.** Employee agrees to notify Franchisor or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy, or reproduce any part of the Proprietary Information. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report

such knowledge, Employee agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Employee agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

4. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

5. Management and Supervisor Employees. This Section 5 will only apply if Employee is a management employee and/or acts in a supervisory role over other employees.

6 Non-Solicitation of Customers. Employee shall not, during the course of his or her employment and for two years thereafter, directly or indirectly, initiate contact with any customer or former customer of Franchisee for the purpose of soliciting such customer to be a customer of a business that is the same as or similar to an **Organic Bronze Bar** business.

7. Non-Disparagement. Employee shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisee and/or Franchisor (including their respective owners, officers, and employees), or the **Organic Bronze Bar** brand.

8. Irreparable Harm. In addition to other remedies available to Franchisee and/or Franchisor, in the event Employee violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Employee's violation. Additionally, Employee hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 7 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee and/or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 7 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

9. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the **Organic Bronze Bar** system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Employee hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

10. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

11. Survival of Covenants. All covenants made in this Agreement by Employee survive the termination of Employee's employment with Franchisee or the expiration, transfer, or termination of this Agreement.

12. Modification of Agreement. This Agreement may be amended in whole or in part only by an

agreement in writing signed by both parties.

13. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

14. Waiver. Employee understands and acknowledges that Franchisee may employ the use of cameras at the business premises, and Employee waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, changing room, etc.

15. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

16. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

17. Prior Disclosures. Employee acknowledges and agrees that prior to the execution of this Agreement, Employee may have received information Franchisee, Franchisor and/or their representatives, and that any such Proprietary Information obtained or received is subject to the protection and restrictions of this Agreement.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE: _____ EMPLOYEE (if a minor, see next page): _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____

Date: _____

Age: _____

For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.

I, (Parent/Guardian), the undersigned and the parent and natural guardian of (minor's name), hereby acknowledge that I have executed the foregoing Employee Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Employee Brand Protection Agreement.

DATED: .

Signature of Parent/Guardian:

Name of Parent/Guardian:

Address:

Phone:

[Employee Brand Protection Agreement Signature Page]

Exhibit D to the **OBB Franchising LLC**. Franchise Disclosure Document

CONDITIONAL ASSIGNMENT

In consideration of the granting of a franchise to you and other valuable consideration given by **OBB Franchising LLC**, an Oregon limited liability company ("us"), you assign to us all telephone numbers; telephone and internet listings; website and social media addresses and domain names; you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your related agreements with utilities and providers with the full force and effect as of the date we assume control under the relevant agreements as if we had originally been named as the contracting party under in the agreements.

We will hold this assignment, and will deliver it to the interested third parties only upon termination of the Franchise Agreement between us and you dated the ___ day of _____, 202__.

DATED this ___ day of _____, 202__.

("we/us"): **OBB Franchising LLC**

("you"):

By: SAMPLE – NOT FOR EXECUTION

By: SAMPLE – NOT FOR EXECUTION

By: _____

By:

Title: _____

Title:

By: SAMPLE – NOT FOR EXECUTION

By:

Title:

**OBB FRANCHISING LLC FRANCHISE AGREEMENT ADDENDUM
ABANDONMENT, RELINQUISHMENT, AND TERMINATION
OF ASSUMED OR FICTITIOUS BUSINESS NAME**

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of **OBB Franchising LLC** submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name **Organic Bronze Bar**:

1. Name of Applicant who is Using the
Assumed or Fictitious Business Name:

a(an) individual/partnership/corporation organized
and doing business under the laws of the State of

2. Date When Original Assumed or Fictitious Business
Name was Filed by Applicant:

3. Address of Applicant's Registered Office in the
State of: _____

4. Please cancel the Applicant's registration to use the name "**Organic Bronze Bar**" and the
"**Organic Bronze Bar**" logo.

DATED: _____

SAMPLE – NOT FOR EXECUTION

Applicant

By: _____

Title: _____

**FRANCHISE DISCLOSURE DOCUMENT
STATE LAW ADDENDUM**

The following modifications and additions are part of the **Organic Bronze Bar™** Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA") as required by relevant state laws.

These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the Franchise:

ARKANSAS (Stat. Section 70-807)
CALIFORNIA (Bus. & Prof. Code Sections 20000-20043)
CONNECTICUT (Gen. Stat. Section 42-133e et seq.)
DELAWARE (Code, tit.)
HAWAII (Rev. Stat. Section 482-E1)
ILLINOIS (815 ILCS 705/1-44)
INDIANA (Stat. Section 23-2-2.7)
MICHIGAN (Stat. Section 19.854(27))
MINNESOTA (Stat. Section 80C.14)
MISSISSIPPI (Code Section 75-24-51)
MISSOURI (Stat. Section 407.400)
NEBRASKA (Rev. Stat. Section 8-401)
NEW JERSEY (Stat. Section 56.10-1)
SOUTH DAKOTA (Codified Laws Section 37-5A-51)
VIRGINIA (Code 13.1-557-574, 13.1-564)
WASHINGTON (Code Section 19.100.180)
WISCONSIN (Stat. section 135.03)

These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of the Franchise.

California

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 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE ADDRESS IS WWW.ORGANICBRONZEBAR.COM OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfip.ca.gov.

FDD Item 5, FA Section 2.1

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business.

FDD Item 17, FA Sections 5, 6, 7 and 9

(1) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

(4) Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

(5) You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

(6) The Franchise Agreement provides that all issues or disagreements relating to the Franchise Agreement will be mediated, tried, heard and decided in Oregon with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

(8) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

FDD Item 3

California 10 CCR Section 310.114.1(c)(3) requires disclosure regarding whether the franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Negotiated Sales

Copies of any notice of negotiated sale of a franchise may be reviewed at any office of the California Department of Financial Protection and Innovation. Attached are copies of all notices of negotiated sale filed during the 12 months immediately preceding the effective date of the Disclosure Document.

All negotiated sales in California are subject to the following provisions as outlined in the California Administrative Code, Title 10, Chapter 3, Subchapter 2.6, Section 310.100.2:

1. The initial offer must be registered pursuant to the California Franchise Investment Law.
2. The prospective Franchisee because of its business or financial experience could be reasonably assumed to have the capacity to protect its own interest in the transaction. The income and net worth of the prospective Franchisee or its spouse may be included in determining the total income and net worth required by this paragraph. The net worth and income test may also be satisfied by a prospective

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franchisee corporation (or by a **50%** or more shareholder of such prospective franchisee corporation) or a prospective franchisee partnership (or by a prospective franchisee general partner of such partnership). In making the determination, we may rely on the representations of the prospective franchisee with respect to its net worth and income provided we have no reason to doubt the representations.

3. If a negotiated sale is consummated, Notice of Negotiated Sale of Franchise in the form set forth in the regulations must be filed with the Commissioner within 15 business days after the negotiated sale.

WE CERTIFY AND DECLARE THAT ALL NOTICES HAVE BEEN FILED WITH THE COMMISSIONER AS REQUIRED BY THE NEGOTIATED SALES SECTION OF THE CALIFORNIA ADMINISTRATIVE CODE, TITLE 10, CHAPTER 3, SUBCHAPTER 2.6, SECTION 310.100.2(a).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Georgia

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Idaho

FDD Item 17, FA Section 9

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

Maryland

FDD Item 5, FA Section 2.1

The Commissioner has determined that for Maryland franchisees, the franchisor must defer the collection of all initial fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, and the franchisor has completed all of its pre-opening obligations and franchisee is open for business.

FDD Item 17 and FA Sections 6, 7 and 9

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, assignment or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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Any provision that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Section 14-216(c) (25) of the Maryland Franchise Registration and Disclosure Act requires a franchisor to file an irrevocable consent to be sued in Maryland. Notwithstanding anything to the contrary in the franchise agreement or Disclosure Document, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Act.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Our franchise agreement contains disclaimers of the occurrence or acknowledgment of the non-occurrence of acts that could constitute a violation of Maryland laws. These disclaimers, acknowledgments and representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchises.

DATED this __ day of _____, 202__.

("we/us"): **OBB Franchising LLC** ("you"):

By: _____ By: _____

North Carolina

Coversheet:

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement

Addendum:

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement

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

Washington

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Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, and Related Agreements.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

Risk Factor:

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

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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Section 9.14 (O) (Release of Prior Claims) of the Franchise Agreement is revised to state that the release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The franchisee acknowledges receipt of this Addendum.

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this __ day of _____, 201__.

("we/us"): **OBB Franchising LLC.**

("you"):

By: SAMPLE – NOT FOR EXECUTION

By: SAMPLE – NOT FOR EXECUTION

By: _____

By:

Title: _____

Title:

**FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT
KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE
STATEMENT OF A MATERIAL FACT**

The following is a list of our agents authorized to receive service of process in various states and the relevant state authorities:

CALIFORNIA	California Commissioner of Financial Protection and Innovation:	
	Los Angeles:	Commissioner Financial Protection and Innovation
	320 West 4th Street, Suite 750	320 West 4th Street, Suite 750
	Los Angeles, CA 90013-2344	Los Angeles, CA 90013-1105
	(213) 576-7505	(213) 576-7505
	Sacramento:	
	2101 Arena Blvd.	
	Sacramento CA 95834	
	(916) 445-7205	
	San Francisco:	
	One Sansome Street, Suite 600	
	San Francisco, CA 94104-4428	
	(415) 972-8565	
	Toll-free 866-ask-corp (275-2677)	
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau	Franchise Administrator
	525 W. Ottawa	Consumer Protection Division
	670 Law Building	Antitrust and Franchise Unit
	Lansing, MI 48913	Michigan Department of Attorney General
	(517) 373-7117	670 Law Building
		Lansing, MI 48913
		(517) 373-7117
MARYLAND	MARYLAND Securities Commissioner	Maryland Division of Securities
	200 St. Paul Place	20th Floor
	Baltimore, MD 21202	200 St. Paul Place
		Baltimore, MD 21202
WASHINGTON	Director, WASHINGTON Department of Financial Institutions	
	Securities Division	
	150 Israel Road SW	
	Tumwater, Washington 98501	
	(360) 902-8760	
	Agent: Securities Administrator, Director of Department of Financial Institutions	

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND REGISTERED AGENTS IN STATES**

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
<u>CALIFORNIA</u>	<u>California Commissioner of Financial Protection and Innovation:</u> <u>Los Angeles:</u> <u>300 S. Spring Street, Suite 15513</u> <u>Los Angeles, CA 90013-1259</u> <u>(213) 897-2085</u> <u>Sacramento:</u> <u>2101 Arena Boulevard</u> <u>Sacramento, CA 95834</u> <u>(916) 327-7585</u> <u>San Diego:</u> <u>1455 Frazee Road, Suite 315</u> <u>San Diego, CA 92108</u> <u>(619) 610-2093</u> <u>San Francisco:</u> <u>One Sansome Street, Suite 600</u> <u>San Francisco, CA 94104-4428</u> <u>(415) 972-8565</u>	<u>Commissioner</u> <u>Department of Financial Protection and Innovation</u> <u>300 S. Spring Street, Suite 15513</u> <u>Los Angeles, CA 90013-1259</u> <u>(213) 897-2085</u>
<u>CONNECTICUT</u>	<u>Connecticut Department of Banking</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103</u> <u>(860) 240-8233 or (860) 240-8232</u>	<u>Banking Commissioner</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103</u> <u>(860) 240-8233 or (860) 240-8232</u>
<u>FLORIDA</u>	<u>[Not Applicable]</u>	<u>Senior Consumer Complaint Analyst</u> <u>Department of Agriculture and Consumer Services</u> <u>Division of Consumer Services</u> <u>Mayo Building, Second Floor</u> <u>Tallahassee, Florida 32399-0800</u> <u>(850) 922-2770</u>
<u>HAWAII</u>	<u>Hawaii Commissioner of Securities</u> <u>Department of Commerce and Consumer Affairs</u> <u>Business Registration Division</u> <u>Securities Compliance Branch</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813-2921</u>	<u>Hawaii Commissioner of Securities</u> <u>Department of Commerce and Consumer Affairs</u> <u>Business Registration Division</u> <u>Securities Compliance Branch</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813-2921</u>
<u>ILLINOIS</u>	<u>(808) 586-2722</u> <u>Illinois Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 62706</u> <u>(217) 782-4465</u>	<u>(808) 586-2722</u> <u>Chief, Franchise Bureau</u> <u>Illinois Attorney General</u> <u>100 W. Randolph Street</u> <u>Chicago, IL 60601</u> <u>(312) 814-3892</u>

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STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
<u>INDIANA</u>	<u>Secretary of State</u> <u>Administrative Offices of the</u> <u>Secretary of State</u> <u>201 State House</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u>	<u>Securities Commissioner</u> <u>Securities Division</u> <u>Room E-111</u> <u>302 West Washington Street</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u>
<u>IOWA</u>	<u>[Not Applicable]</u>	<u>Director of Regulated Industries Unit</u> <u>Iowa Securities Bureau</u> <u>340 East Maple</u> <u>Des Moines, Iowa 50319-0066</u> <u>(515) 281-4441</u>
<u>MARYLAND</u>	<u>Maryland Securities Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>	<u>Office of the Attorney General</u> <u>Division of Securities</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>
<u>MICHIGAN</u>	<u>Michigan Department of Commerce,</u> <u>Corporations and Securities Bureau</u> <u>525 W. Ottawa Street</u> <u>G. Mennen Williams Building 1st Floor</u> <u>Lansing, MI 48913</u> <u>(517) 373-7117</u>	<u>Franchise Administrator</u> <u>Consumer Protection Division</u> <u>Franchise Section</u> <u>Michigan Dept. Attorney General</u> <u>PO Box 30213</u> <u>Lansing, MI 48909</u> <u>(517) 373-7117</u>
<u>MINNESOTA</u>	<u>Minnesota Commissioner of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, MN 55101-2198</u> <u>(651) 296-6328</u>	<u>Deputy Commissioner</u> <u>Minnesota Department of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, MN 55101-2198</u> <u>(651) 296-6328</u>
<u>NEBRASKA</u>	<u>[Not Applicable]</u>	<u>Staff Attorney</u> <u>Department of Banking and Finance</u> <u>1200 N Street</u> <u>Suite 311</u> <u>P.O. Box 95006</u> <u>Lincoln, Nebraska 68509</u> <u>(402) 471-3445</u>
<u>NEW YORK</u>	<u>NYS Department of Law</u> <u>Investor Protection Bureau</u> <u>28 Liberty St. 21st FL</u> <u>New York, NY 10005</u> <u>212-416-8222</u>	<u>Secretary of State</u> <u>99 Washington Avenue</u> <u>Albany, NY 12231</u>
<u>NORTH DAKOTA</u>	<u>North Dakota Securities Department</u> <u>Fifth Floor</u> <u>600 East Boulevard</u> <u>Bismarck, ND 58505</u>	<u>Franchise Examiner</u> <u>North Dakota Securities Department</u> <u>600 East Boulevard, 5th Floor</u> <u>Bismarck, ND 58505</u> <u>(701) 328-4712</u>
<u>OREGON</u>	<u>Director of Oregon Department of</u> <u>Insurance and Finance</u> <u>Corporate Securities Section</u> <u>Labor and Industries Building</u> <u>Salem, OR 97310</u> <u>(503) 378-4387</u>	<u>Department of Consumer and</u> <u>Business Services</u> <u>Division of Finance and Corporate</u> <u>Securities</u> <u>Labor and Industries Building</u> <u>Salem, OR 97310</u> <u>(503) 378-4387</u>

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<u>STATE</u>	<u>REGISTERED AGENTS</u>	<u>REGULATORY AUTHORITIES</u>
<u>RHODE ISLAND</u>	<u>Director of Rhode Island Department of Business Regulation</u> <u>Division of Securities</u> <u>Suite 232</u> <u>Providence, RI 02903</u> <u>(401) 222-3048</u>	<u>Associate Director and Superintendent of Securities</u> <u>Division of Securities</u> <u>233 Richmond Street, Suite 232</u> <u>Providence, RI 02903-4232</u> <u>(401) 222-3048</u>
<u>SOUTH DAKOTA</u>	<u>Director of South Dakota Division of Insurance/Securities Regulation</u> <u>124 S Euclid, Suite 104</u> <u>Pierre, SD 57501</u> <u>(605) 773-3563</u>	<u>Franchise Administrator</u> <u>Division of Insurance/Securities Regulation</u> <u>124 S Euclid, Suite 104</u> <u>Pierre, SD 57501</u> <u>(605) 773-3563</u>
<u>TEXAS</u>	<u>[Not Applicable]</u>	<u>Secretary of State</u> <u>Statutory Document Section</u> <u>P.O. Box 12887</u> <u>Austin, TX 78711</u> <u>(512) 475-1769</u>
<u>UTAH</u>	<u>[Not Applicable]</u>	<u>Division of Consumer Protection</u> <u>Utah Department of Commerce</u> <u>160 East Three Hundred South</u> <u>P.O. Box 45804</u> <u>Salt Lake City, Utah 84145-0804</u> <u>(801) 530-6601</u>
<u>VIRGINIA</u>	<u>Clerk of the State Corporation Commission</u> <u>1300 E. Main Street</u> <u>Richmond, VA 23219</u> <u>(804) 371-9672</u>	<u>Chief Examiner/Investigator</u> <u>State Corporation Commission</u> <u>Division of Securities and Retail Franchising</u> <u>1300 E. Main Street</u> <u>Richmond, VA 23219</u> <u>(804) 371-9051</u>
<u>WASHINGTON</u>	<u>Director of Department of Financial Institutions</u> <u>Securities Division</u> <u>150 Israel Rd. SW</u> <u>Tumwater, WA 98501</u> <u>(360) 902-8760</u>	<u>Administrator</u> <u>Dept. of Financial Institutions</u> <u>Securities Division</u> <u>P.O. Box 41200</u> <u>Olympia, WA 98507-9033</u> <u>(360) 902-8760</u>
<u>WISCONSIN</u>	<u>Wisconsin Commissioner of Securities</u> <u>P.O. Box 1768</u> <u>345 W. Washington Avenue, 4th Floor</u> <u>Madison, WI 53703</u> <u>(608) 261-9555</u>	<u>Franchise Administrator</u> <u>Securities and Franchise Registration</u> <u>Wisconsin Securities Commission</u> <u>345 W. Washington Avenue, 4th Floor</u> <u>Madison, WI 53703</u> <u>(608) 261-9555</u>
<u>FEDERAL TRADE COMMISSION</u>		<u>Franchise Rule Coordinator</u> <u>Division of Marketing Practices</u> <u>Bureau of Consumer Protection</u> <u>Pennsylvania Avenue at 6th Street, NW</u> <u>Washington, D.C. 20580</u> <u>(202) 326-3128</u>

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STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
<u>ALBERTA, CANADA</u>	<u>N/A</u>	<u>Rob Phillips</u> <u>Executive Director,</u> <u>Consumer Services Branch</u> <u>Alberta Government Services,</u> <u>Consumer Programs</u> <u>3rd Floor, Commerce Place</u> <u>10155 – 102 Street</u> <u>Edmonton, Alberta, Canada T5J 4L4</u> <u>(780) 422-8177</u>

ORGANIC BRONZE BAR FRANCHISE, LLC
CONFIDENTIALITY, NON-DISCLOSURE, AND NON-COMPETE AGREEMENT

THIS AGREEMENT has been entered this ____ day of _____ 202___. It is by and between, **ORGANIC BRONZE BAR FRANCHISE, LLC**, an Oregon limited liability company ("we, us") and _____ (jointly and severally "you").

We own proprietary ideas and other confidential information related to the ownership and operation of businesses that offer beauty treatment and esthetic programs and other processes related to esthetics and beauty treatments. We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and advertising of businesses through which we and our franchisees offer. We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to "**Organic Bronze Bar™**" and the Organic Bronze Bar logo (the "Service Marks"). We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and advertising of businesses through which we and our franchisees offer a variety of services and choices for organic airbrush tanning - hand sprayed using a formula made with all natural and organic ingredients and no harmful chemicals - spa services; skin care products and other specialty items; with complementary products and services, and more. Each Organic Bronze Bar studio offers the sale of memberships that allow access to our specialized programs. Miscellaneous items may also be permitted for retail sale as approved by us.

These businesses and franchises use our service marks, trade names, programs, and systems under the name and logo "**Organic Bronze Bar.**" Through rigorous testing and training, we have developed a unique and uniform concept of materials and service. We have certain rights to and intend to continue to develop products, services, valuable goodwill, expertise, proprietary ideas, confidential information, service marks, methods, procedures, techniques, guidelines, and materials connected with the operation, promotion, and advertising of our esthetics business (collectively these are called the "Method of Operation").

You and we desire to discuss various potential mutually beneficial opportunities and associations related to business management, sales, services, materials and supplies, computer software, and related concepts and potentially to enter into related commercial relationships. In the course of these discussions and our relationship it will be necessary for us to disclose Confidential Information to you.

THEREFORE, in consideration of the following mutual promises and covenants, the parties agree as follows:

1 PROTECTION OF CONFIDENTIALITY

1.1 **Confidential Information Defined.** In this Agreement, "Confidential Information" will mean:

- a) Any information that relates to our proprietary ideas, trade secrets, business, products, technology, members, finances, plans, proposals, or practices, including, but not limited to, plans and specifications for new and existing products, discoveries, ideas, know-how, research and development, inventions, techniques, marketing strategies, vendor and customer lists, financing sources and suppliers, non-public financial information, budgets, data, and projections;
- b) Our proprietary information and information we mark or designate as confidential;
- c) Information, whether or not in written form and whether or not designated as confidential, which is known to you as being treated by us as confidential;

- d) Information provided to us by third parties, which we are obligated to keep confidential.

The Confidential Information will include information in any form in which such information exists, whether oral, written, film, tape, computer disk, digital, or other form of media.

1.2 **Our Exclusive Property.** You acknowledge and agree that our Method of Operation and all Confidential Information are and will continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement will give you or others any right, title, or interest whatsoever in or to them. The Confidential Information will be considered our trade secrets and will be entitled to all protections provided by applicable law to trade secrets.

1.3 **Conflicting or Competing Interests.** Neither you nor your owners, shareholders, members, partners, directors, officers, managers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Confidential Information or Method of Operation), will directly or indirectly participate as an owner, shareholder, partner, director, officer, employee, consultant, distributor, or agent, or serve in any other capacity in any business (including business being or to be formed) engaged or to be engaged in the offering or sale or rental of products or services that are the same as, or substantially similar to, the products and services that are part of the Method of Operation.

You will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households (who have actual knowledge of or access to the Operations Manual or Method of Operation), will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business engaged directly or indirectly in the offer, sale, rental, Internet dissemination, or promotion of running league products or services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. This covenant applies within a **100-mile** radius of any location where we operate or have granted the franchise to operate an Organic Bronze Bar business, within the state where you are located, and within the United States of America.

2. **COVENANT OF NON-DISCLOSURE** You specifically acknowledge that you will receive valuable specialized and Confidential Information, including information regarding our operational, materials, supplies, sales, promotional and marketing methods and techniques and the Method of Operation. You agree not to disclose Confidential Information to any third party and to limit disclosure within your association to designated employees approved by us. Disclosures to designated employees will be done on a “need to know” basis to the extent necessary for them to perform the duties of their employment with you. Unless required by court order or applicable law, you agree not to copy, download, send, or divulge any Confidential Information directly or indirectly to any other person or enterprise outside of our system. You will never communicate, divulge, or use in any manner, either for your benefit or the benefit of any other person, persons, partnerships, associations, companies or corporations any Confidential Information or proprietary information, knowledge or know-how concerning the Method of Operation or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your business.

3 **COVENANT OF NON-USE** You agree not to use Confidential Information or the Method of Operation, except as authorized by us. You will obligate your owners, board of directors, your employees, and your agents to the same non-use covenant. We must approve in writing any use of Confidential Information or Method of Operation by you or your owners or your directors or employees.

4 **RECIPROCAL OBLIGATION** Should discussions between you and us require or entail disclosure of any of your confidential or proprietary information to us, we agree to the same obligations of confidentiality and non-use as are imposed on you by this Agreement.

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5 **MISCELLANEOUS**

5.1 **Duration**. The obligations set forth in this Agreement will continue during and beyond the term of your relationship with us and for as long as you possess Confidential Information.

5.2 **Waiver**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver to this Agreement's provisions must be made in signed writing by the granting party.

5.3 **Construction**. This document is the entire agreement between the parties. It supersedes all prior or contemporaneous written and oral agreements or understandings with respect to the subject matter of this Agreement. It may not be modified or amended except by signed written agreement. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

5.4 **Enforcement**. The prevailing party (the party who recovers the greater relief) in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees. These will be set by the arbitration, proceeding, or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action.

If, for any reason, any provision set forth in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

5.5 **Acknowledgments**. No person has made any other representation that is not expressly set forth in this Agreement to induce you to accept and execute this Agreement.

6 **SIGNATURES** IN WITNESS, the parties have executed this Agreement on the date written above.

("We/Us"): **ORGANIC BRONZE BAR FRANCHISE, LLC**

By: _____
Title: _____

("You): _____

By: _____
Title: _____

By: _____
Title: _____

By: _____
Title: _____

State Effective Dates

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending (org-301242)
Hawaii	No Registration
Illinois	No Registration
Indiana	No Registration
Maryland	Pending (FR20206404)
Michigan	No Registration
Minnesota	No Registration
New York	Isolated Sale Exemption April 8, 2024
North Dakota	No Registration
Rhode Island	No Registration
South Dakota	No Registration
Virginia	No Registration
Washington	<u>October 18, 2024</u> (#70016351)
Wisconsin	No Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

State	Effective Date
Connecticut	June 15, 2021
Florida	<u>August 30, 2024</u> (BF53843)
Kentucky	November 30, 2018 (B-5079)
Nebraska	November 9, 2018
Texas	October 27, 2017 (2017-0391)
Utah	September 27, 2023 (12042290-BSOE)

Exhibit I to the Franchise Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If OBB Franchising LLC offers you a franchise, OBB Franchising LLC must provide this franchise disclosure document to you by the earliest of:

1. The first personal meeting to discuss the franchise (in Maryland, New York and Rhode Island); or
2. 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If OBB Franchising LLC does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the federal trade commission, Washington, D.C. 20580 and to the appropriate state agencies (see exhibit f).

The name, principal business address, and telephone number of each franchise seller offering the franchise follows:

Danielle Van Auken, 7365 SW Barnes Road, Suite B, Portland, Oregon 97225 (503) 705-0347

Our authorized agents for service of process are identified on the cover page to this Franchise Disclosure Document.

Date of Issuance: **August 15, 2024** (effective as of the individual state registration dates reflected on the cover page).

I have received a disclosure document dated as indicated above that included the following Exhibits:

- A. Financial Statements
- B. Sample Franchise Agreement
 - 1. Franchise Location
 - 2. Lease Rider
 - 3. Co-Branding Addendum
 - 4. SBA Addendum
 - 5. EFT Form
 - 6. ~~Confirmation of~~
- ~~C. Confirmation of~~ C. Employee Brand Protection Agreement
- D. Conditional Assignment
- E. Abandonment, Relinquishment, and Termination of Assumed Business Name
- F. State Law Addendum
- G. Confidentiality, Non-Disclosure and Non-compete Agreement
- H. Acknowledgment of Receipt

DATED this __ day of _____, 202__

Signatures of All Prospective Franchisees:

Individuals: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

ALL INDIVIDUALS WHO WILL SIGN THE FRANCHISE AGREEMENT MUST SIGN THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL ALSO BE EXECUTED BY A CORPORATION OR LIMITED LIABILITY COMPANY, AN OFFICER OR OWNER AUTHORIZED TO RECEIVE THIS DISCLOSURE DOCUMENT ON BEHALF OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS ACKNOWLEDGMENT. IF THE FRANCHISE AGREEMENT WILL BE EXECUTED BY A PARTNERSHIP, THEN ALL GENERAL PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT AS GENERAL PARTNERS AND AS INDIVIDUALS.

KEEP THIS COPY FOR YOUR RECORDS.

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PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO OBB FRANCHISING LLC

ORGANIC BRONZE BAR ACKNOWLEDGMENT OF RECEIPT

2024-8-15 OrganicBronzeBar FDDFA (red draft)2024-8-15 OrganicBronzeBar FDDFA (red draft)