FRANCHISE DISCLOSURE DOCUMENT

SMTF Franchising, Inc.
a California corporation
42265 Winchester Road
Temecula, California 92590
Phone: 951-634-8843
www.selfmadetrainingfacility.com
Email: Miguel@selfmadetrainingfacility.com

This franchise is to develop and operate a personal fitness and exercise training facility, using our trademark "Self Made Training Facility" and the logo shown above, making the facility available on a private basis to professional fitness and exercise trainers, where they can provide services to their clients.

Training Facility Program. The total investment necessary to begin operation of a Self Made Training Facility is $382,942- $1,204,733. This includes $181,210 to $517,046 that must be paid to us or our affiliate.

Asset Purchase Program. The total investment necessary to begin operation of an existing and operating Self Made Training Facility ("Existing Training Facility") is $588,542 - $1,422,333. This includes $569,510 to $1,367,046 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Miguel Aguilar at SMTF Franchising, Inc., 42265 Winchester Road, Temecula, California, 92590; telephone: 951-634-8843.

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

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

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

Issuance Date: October 19, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
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 Self Made Training Facility 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 a Self Made Training Facility franchisee?	Item 20 or Exhibit K 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 in Exhibit L.

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 arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in California than in your own state.

2. **Inventory Control**. You must make inventory and supply purchases of at least $1,500 each month, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

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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EXHIBITS:

A. Financial Statements
B. Franchise Agreement
C. General Release
D. State Specific Addenda
E. Confidentiality Agreement
F. Asset Purchase Agreement
G. Secured Promissory Note
H. Security Agreement
I. SLFMD BTR Water Supply Agreement J. Table of Contents to Operations Manual
K. List of Current Franchisees, Company-Owned Locations and Franchisees Who Left the System in 2021
L. Agents for Service of Process/State Administrators

M. SBA Addendum
N. Receipts

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

Your Franchisor

We are SMTF Franchising, Inc. We incorporated in California on October 29, 2015. Our address is 42265 Winchester Road, Temecula, California 92590. Our phone is 951-634-8843. Our agent for service of process is Daniel S. Venne, C.P.A., 41911 5th Street, Suite 300, Temecula, California 92590. Other agents for service of process are listed in ExhibitL.

We use the name "Self Made Training Facility." We refer to the person who buys this franchise as "you" or "your" in this Disclosure Document. If you are a business entity, then "you" or "your" includes each shareholder, member, partner and/or other owner of that entity.

Franchisor's Parents, Predecessors and Affiliates

We have no predecessors or parent companies. Our affiliate, Self Made Training Facility, Inc. ("Self Made Training"), was incorporated in California on March 27, 2015 by Miguel Aguilar, who is also our founder. Self Made Training has the same address as us. Self Made Training owns the trademarks we license you to use. Self Made Training has owned and operated a Self Made Training Facility in Temecula, CA since August 2017.

Our affiliate, Self Made Family, Inc. ("SLFMD"), was incorporated in California on March 6, 2013 by Miguel Aguilar, who is also our founder. SLFMD has the same address as us. SLFMD is the sole approved supplier for apparel sold at Self Made Training Facilities.

Our affiliate, Kollusion Fitness Products Inc. ("KFP"), was incorporated in California on September 15, 2017 by Miguel Aguilar, who is also our founder. KFP has the same address as us. KFP is an approved supplier for equipment and various accessories sold to our franchisees.

Our affiliate, Self Made Real Estate, Inc. ("SMRE"), was incorporated in California on May 2, 2016 by Miguel Aguilar, who is also our founder. SMRE has the same address as us. SMRE purchases commercial buildings and leases commercial space to our franchisees.
Our affiliate, SLFMD Hydrati8n Bar, Inc., previously known as URBN RSM Inc ("Hydrati8n"), was incorporated in California on July 13, 2021 and is located at 42265 Winchester Road, Temecula, California 92590. Hydrati8n is the approved supplier for water products sold to our franchisees.

We have no affiliates that offer franchises in any line of business. Other than Hydrati8n, SLFMD, KFP and SMRE, we have no affiliates that provide products or services to franchisees.

We offer the franchises described in this Disclosure Document. We began offering franchises in 2016. We have not offered franchises in any other business and we do not have business activities other than offering these franchises. Thus, we don't operate a training facility.

The Franchise Offered

Training Facility Program

Under this program, you will sign a Franchise Agreement in substantially the form of Exhibit B to this Disclosure Document for the right to operate a Self Made Training Facility ("Training Facility").

Asset Purchase Program

Under this program, you, as buyer, will purchase an existing training facility from Self Made Training ("Existing Training Facility"). You will sign an Asset Purchase Agreement in substantially the form of Exhibit F to this Disclosure Document to acquire the assets of the Existing Training Facility (the "Asset Purchase Agreement"), and will sign a Franchise Agreement to operate the Existing Training Facility. You will also sign an Addendum (Exhibit C to the Franchise Agreement) (the "Purchase Addendum") that will change certain terms of the Franchise Agreement so they apply to the Existing Training Facility.

Under either of our programs, you will operate a training facility emphasizing health, exercise and fitness and selling fitness apparel, supplements related to fitness, snacks and other related fitness items. Your facility will offer services on a private basis, to a strictly limited number of professional fitness and exercise trainers, so they can use your facility to provide services to their customers. You will use methods and trade secrets and trademarks licensed to or developed and owned by us. Your customers are professional fitness and exercise trainers. They pay you for the use of your facility with their clients.

The Market and Competition

There is widespread public interest in health, exercise and fitness, in working with professional fitness trainers, and in related products and there is an established market for the services and products of exercise and fitness centers. There is year round interest in our services but such factors as weather, holidays, New Year's resolutions, vacations and the like can result in seasonal trends.

You will compete with health clubs, training facilities, gyms and fitness centers, which include national and regional chains and individual centers, and also with other health and fitness options offered by nonprofit social organizations, parks and gyms.

Laws, Licenses and Permits

Some states and local governments have laws relating to health and fitness studios, including laws that require postings concerning steroids and other drug use, requiring certain medical equipment in the facility and limiting supplements that can be sold.

Some states limit the length of memberships in health and fitness studios and require certain terms (specified by law) in membership agreements with the public such as the offer of cancellation and refunds to members who request within a specific time after becoming a member, bonds if memberships are sold for more than a specified length of time and deposit in escrow of certain amounts collected from members before the club opens ("presale" memberships), and may impose restrictions on memberships you can sell.

Industry Specific Regulations

You must comply with federal, state and local laws that apply to operating any business, such as prohibition against discrimination, taxes, labor laws, business license requirements, zoning, laws on construction of business premises, requirements for parking and access, and the Americans With Disabilities Act. Other laws including smoking restrictions, public posting of notices re health hazards, fire safety and emergency preparedness laws, rules on use, storage and disposal of waste and hazardous materials, environmental laws, such as laws on recycling and regulating use of certain kinds of environmentally harmful containers and materials, and standards for sanitation, employee health and safety.

You are responsible for complying with all laws and regulations. You must conduct your own investigation to familiarize yourself with the laws that apply. We recommend you consult with your attorney and CPA about laws and regulations that will apply to you where you will operate.

ITEM 2
BUSINESS EXPERIENCE

Director, President, Secretary and Treasurer – Miguel Aguilar

Mr. Aguilar has been our President, Secretary and Treasurer since we were formed on October 29, 2015. Mr. Aguilar has been the President and Secretary of SLFMD Hydrati8n Bar, Inc., previously known as URBN RSM Inc in Temecula, California since July 2021. Mr. Aguilar has been the Chief Executive Officer and Chief Financial Officer of Kollusion Fitness Products Inc. in Temecula, California since September 2017. Mr. Aguilar has been the Chief Executive Officer of Self Made Real Estate, Inc. in Temecula, California since May 2016. Mr. Aguilar has been the Chief Executive Officer and Chief Financial Officer of Self Made Family, Inc. in Temecula, California since March 2013. Since 2010, Mr. Aguilar has conducted the business of a Self Made Training Facility in Murrieta, California, first opening the business as a sole proprietorship and in March 2015, forming the corporation Self Made Training Facility, Inc. to operate the facility. Mr. Aguilar is the Director, President, Corporate Secretary and Treasurer of our affiliate Self Made Training Facility since March 2015. From 2004 to February 2018, Mr. Aguilar was a residential and commercial real estate agent with PRW Real Estate in Murrieta, California.

Executive Assistant – Julie Mansfield

Ms. Mansfield has been our Executive Assistant since September 2021. Ms. Mansfield was a stay-at-home parent from March 2017 to August 2021. Ms. Mansfield was an Executive Assistant of Global Wealth Partners Inc. in Silicon Valley, California from October 2015 to February 2017.

Marketing Director – Riley Clayton

Mr. Clayton has been our Marketing Director since January 2018. Mr. Clayton worked in Tempering Department for Glasswerks in Temecula, California from January 2016 to January 2018.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

On August 27, 2012, Mr. Aguilar, who is our President, Secretary and Treasurer, filed a petition under Chapter 7 of the United States Bankruptcy Code and obtained a discharge on December 10, 2012. (Case no. 6:12-bk-29900-MJ, filed in the U.S. Bankruptcy Court for the Central District of California, Riverside branch).

Other than the above, no bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Training Facility Program

On signing the Franchise Agreement you pay us an initial franchise fee of $50,000. This fee is fully earned by us when paid and is not refundable.

Asset Purchase Program

If you are purchasing an existing facility from us or our affiliate, you must pay us an initial franchise fee of $50,000 when you complete the asset purchase transaction and sign the Franchise Agreement. You must also pay us the purchase price for the assets of the Existing Training Facility which will generally range from $500,000 to $1,200,000 and pre-paid rent and security deposits of between $8,800 and $100,000.

Inventory

Before opening, you must purchase athletic apparel, supplements, and snacks from us, estimated to cost between $3,000 and $8,000.

Fitness Equipment

If you purchase fitness and exercise equipment from our affiliate, KFP, you must pay for the cost of the equipment which ranges from $120,000 to $450,000.

We may, at our discretion, finance all or part of the Equipment Purchase Fee. (See Item 10.)

None of these fees is refundable. Except as indicated above, these initial fees are uniform to all new franchisees, though we may change them in the future.

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks (1)
Royalty	7% of Gross Revenue	On the 10th day of each calendar month on the Gross Revenue of your Self Made Training Gym during the previous calendar month	Gross revenue includes all revenues from operation, activities, sales and existence of the fitness and training facility, whether cash, credit or otherwise but excludes sales tax shown in invoices and paid to the taxing agency.
Technology Fee	$250 per month	Monthly	We charge this to develop, maintain and improve computer technology for the system.
Software Fee	$900 per month	Monthly	You pay us a fee to use our dedicated software programs, including Self Made Nutrition, the SMTF App, and Self Made Academy Personal Training Certification software. We may increase this fee on 30 days' notice.

Name of Fee	Amount	Due Date	Remarks (1)
Merchandise Purchases	Varies, up to $6,000 annually	When invoiced	You pay us for merchandise you buy from us.
Monthly Inventory	Minimum of $1,000	Monthly	You must purchase a minimum amount of products from us or our affiliates on a monthly basis. The Monthly Inventory purchases may be spent on any combination of apparel, supplements, and snacks. At your discretion, you may choose to purchase a higher dollar amount than the Monthly Inventory requirements.
Water Products Inventory Purchases	Currently $420 - $560.80	On the 15th day of each calendar month	You must purchase water products from our affiliate. The cost and total water products you are required to purchase, depends on whether your Training Facility is located in California or another state: California: you are required to purchase a minimum of 24 cases of water products per month at a current cost of $560.80 per month, which includes the cost of shipping and California Refund Value ("CRV"). Outside California: you are required to purchase a minimum of 1pallet of water products every 3 months. The cost of 1 pallet is currently $1,080, plus shipping, which ranges from $180 -$400. The cost of the pallet is payable monthly at a cost of $420-$494, which includes the cost of shipping. We can adjust the monthly cost on 14 days written notice to you. You are required to sign the SLFMD BTR Water Supply Agreement, attached to this Disclosure Document as Exhibit I.
Training and Continuing Education Fee	Up to $500 monthly, currently $250 monthly	When invoiced	We can require you to pay us a monthly Training and Continuing Education Fee. The fee will be used to train and provide continuing training to you and other personnel designated by us in a virtual setting.
Additional Training; Operation of Your Franchise	$500 per day and travel and other expenses	When invoiced	If you ask and we agree to train additional supervisorial or managerial personnel selected by you, or for assistance at your fitness and training facility, or if we decide you need more training or if we operate your facility. We or our nominee can operate your training facility if we think your operation may be in jeopardy, or you breach or default, or die or are incapacitated, until a qualified trained manager assumes operational supervision. You reimburse our or our nominee's expenses

Name of Fee	Amount	Due Date	Remarks (1)
			and pay a daily management fee, currently $500 a day.
Fee for Missing Required Training, Business Conferences, Business Meetings and Conventions	$500 per required session	When invoiced	If you miss any required training, business conference, business meeting or convention, you pay us a fee.
Promotion Fund	4% of Gross Revenue	Monthly	We do not currently require you to contribute to the Promotion Fund, but may do so in the future, upon written notice to you. If we do require you to contribute to the Promotion Fund, your contribution will be at a rate we set, up to 4% of gross revenue.
Marketing Cooperative	Varies, up to 3% of Gross Revenue	As decided by cooperative	We can designate a geographic cooperative advertising region that includes your facility. You contribute to the cooperative according to its rules, decided by a majority of its members.
Advertising Materials	Varies, up to $2,500 per quarter	When invoiced	We can charge you for advertising materials at approximately our cost.
Supplier Review	Varies, up to $2,500 per each proposed evaluation	When you ask us to review a proposed supplier	We can require you to pay our costs and expenses to evaluate a supplier you propose.
Renewal Fee	$15,000	90 - 180 days before Franchise Agreement expires	You pay this fee with your notice to us that you want to renew the franchise.
Transfer Fee	$7,500	At time of asking our consent to a transfer	You or the proposed transferee pay this fee at the time of asking our consent to a transfer. If we do not consent to the transfer, we return one-half this amount.
Late Charge/ Dishonored Payment	$50 for dishonor; late charge of $50 or 1.5% per month on past due amount, whichever is greater (not to exceed maximum rate allowed by law, which is 10% in California)	On demand after a payment is late, or dishonored by bank; interest is payable each month	You pay us late charge for late payments and a fee for a payment dishonored by your bank. Interest will be charged on outstanding balances, payable each month, until paid in full. We will add these charges to any outstanding invoices that are due.
Underpayment or Understatement	Amount of understatement or underpayment	On demand	You pay us the amount of any underpayment or understatement shown by our inspection or audit of your books and records.

Name of Fee	Amount	Due Date	Remarks (1)
Audit Cost	Our audit cost, estimated at $5,000	On demand	You reimburse our costs and expenses of inspection or audit that reveals underpayment or understatement by you of 2% or more in any period.
Insurance	Amount of premiums	On demand	You reimburse us for insurance premiums we pay if we get insurance for you due to you not buying or maintaining or providing us proof of insurance.
Indemnification	Amount incurred	On demand	You defend and reimburse us for costs, losses, liabilities, etc. or if we need to defend or are held liable for claims relating to your business.
Cost to Resolve Claims	Amount incurred	On demand	We can make, settle or take other remedial or corrective action regarding claims, investigations and the like. You pay or reimburse us the amounts involved.
Taxes	Amount of Taxes	On demand	You pay us all taxes imposed on, required to be collected or paid by us on account of services or goods we furnish you and/or us receiving money from you.
Cost of Enforcement	Amount of attorneys' fees and costs	On demand.	In a legal proceeding, the prevailing party may recover attorneys' fees and costs.
De-identification	Amount of Our Expenses	Immediate	After termination we can step in and de-identify your training facility. You reimburse our expenses to do so.
Loan Payments	Will vary	3rd day of each month	Payable if you finance a purchase from our affiliate and enter into the Promissory Note attached to this Disclosure Document as Exhibit G.
Interest on Loans	Will vary	3rd day of each month	Payable if you finance a purchase from our affiliate and enter into the Promissory Note attached to this Disclosure Document as Exhibit G.
Late Charge on Loans	10% per month	On demand after a payment is late; interest is payable each month	You pay us late charge for late payments. Interest will be charged on outstanding balances, payable each month, until paid in full. We will add these charges to any outstanding invoices that are due.
Cost of Collection	Will vary	On demand	You must pay all costs and expenses of collections, including attorneys' fees, if any amount under the Promissory Note is not paid when due.

NOTES:

1. All fees are uniformly imposed. All fees are paid to us or our affiliate, except that contributions to a cooperative are paid to the cooperative, and if we designate a nominee to operate your training facility, then certain payments are to the nominee. None of the fees are refundable, except if an insurance policy is cancelled before it expires, a portion of the premium may be refundable from the insurance company. We can increase amounts of fees that are in dollars or fixed amounts based on the consumer price index.

ITEM 7
ESTIMATED INITIAL INVESTMENT

TRAINING FACILITY PROGRAM
YOUR ESTIMATED INITIAL INVESTMENT

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$50,000	Cash or check	On signing Franchise Agreement	Us
Rent for 3 months and lease security deposit (Note 2)	$8,800 - $100,000	Cash or check	On signing lease and monthly	Landlord
Utility Deposits (Note 3)	$0 - $1,000	Cash or check	On signing up for service	Utilities
Construction/ Improvements (Note 4)	$155,000 - $475,000	Cash, check or credit card	On starting and during construction	Approved Contractors
Fitness and exercise equipment (Note 5)	$120,000 - $450,000	Cash, check or credit card	Before opening	Approved Suppliers, KFP
Office furniture and equipment (Note 6)	$16,400 - $29,900	Cash, check or credit card	Before opening	Approved Suppliers
Signage (Note 7)	$500 - $20,000	Cash, check or credit card	Before opening	Sign contractor
Travel, Salary, Living Expenses During Training (Note 8)	$0 - $10,000	Cash, check or credit card	As incurred	Airlines, Hotels, Restaurants
Training and Continuing Education Fee	$750	Cash, check or credit card	As required	Us
Software (Note 9) – 3 months	$2,700	credit card or direct debit	Monthly	Us
POS System – 3 Months (see Item 11) (Note 10)	$357 - $1,887 (+ per swipe credit card fees. See Note 10)	credit card or direct debit	Monthly	Approved Supplier
Business licenses (Note 11)	$25 - $100	Cash or check	Before opening	Government agencies
Forming an entity (Note 12)	$0 - $2,500	Cash, check or credit card	Before signing Franchise Agreement	State and professional advisors
Professional fees (Note 13)	$1,500 - $4,500	Cash, check or credit card	Before signing Franchise Agreement	Your lawyer and/or CPA

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial supplies and inventory (Note 14)	$6,000 - $12,000	Cash, check or credit card	Before opening	Us, SLFMD, KFP and Approved Suppliers
Refrigerator and Water Products Inventory (3 months) (Note 15)	$2,060 - $2,396	Cash, check or credit card	Before opening and monthly	Hydrati8n and Approved Suppliers
Insurance (Note 16)	$600 - $4,000	Cash, check or credit card	Before opening or in first three months	Insurance companies
Grand Opening Promotion (Note 17)	$2,500 - $5,000	Cash, check or credit card	Before and through 60 days after opening.	Media and other approved suppliers
Local Advertising - 3 Months (Note 18)	$750 - $3,000	Cash, check or credit card	When incurred	Publishers and other sellers of advertising
Additional Funds – 3 Months (Note 19)	$15,000 - $30,000	Varies	As needed	Funds in your possession
Total (Note 20)	$382,942 - $1,204,733			

ASSET PURCHASE PROGRAM
EXISTING TRAINING FACILITY
YOUR ESTIMATED INITIAL INVESTMENT

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	$50,000	Cash or check	On signing Franchise Agreement	Us
Purchase Price for Assets of Existing Training Facility (Note 20)	$500,000 -$1,200,000	Cash (non-refundable)	Upon Closing of Purchase	Self Made Training
Pre-Paid Rent for 3 Months and Security Deposit (Note 20)	$8,800 - $100,000	Cash (non-refundable)	Upon Closing of Purchase	Self Made Training
Utility Deposits (Note 3)	$0 - $1,000	Cash or check	On signing up for service	Utilities
Initial supplies and inventory (Note 14)	$6,000 - $12,000	Cash, check or credit card	Before opening	Us, SLFMD, KFP and Approved Suppliers

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Refrigerator and Water Products Inventory (3 months) (Note 15)	$2,060 - $2,396	Cash, check or credit card	Before opening and monthly	Hydrati8n and Approved Suppliers
Insurance (Note 16)	$600 - $4,000	Cash or check	Monthly Premium	Insurance Carriers
Travel, Salary, Living Expenses During Training (Note 8)	$0 - $10,000	Cash, check or credit card	As incurred	Airlines, Hotels, Restaurants
Training and Continuing Education Fee	$750	Cash, check or credit card	As required	Us
Software (Note 9) – 3 Months	$2,700	credit card or direct debit	Monthly and per transaction	Us
POS System – 3 Months (see Item 11) (Note 10)	$357 - $1,887 (+ per swipe credit card fee. See Note 10)	credit card or direct debit	Monthly	Approved Supplier
Business licenses (Note 11)	$25 - $100	Cash or check	Before opening	Government agencies
Professional fees (Note 13)	$1,500 - $4,500	Cash, check or credit card	Before signing Franchise Agreement	Your lawyer and/or CPA
Local Advertising - 3 Months (Note 18)	$750 - $3,000	Cash, check or credit card	When incurred	Publishers and other sellers of advertising
Additional Funds – 3 Months (Note 19)	$15,000 - $30,000	Varies	As needed	Approved Suppliers, Utilities and Other Vendors
Total (Note 20)	$588,542 - $1,422,333			

Note 1: The initial franchise fee is $50,000. We do not offer direct or indirect financing for your initial franchise fee.

Note 2: These estimates are for 3 month's rent and a security deposit equal to one month's rent, for about 4,000 to 10,000 square feet of space typically in a warehouse facility located in a light industrial or warehouse center, with monthly rent estimated at about 55 cents to $1.25 per square foot on the low end, and for about 4,000 to 10,000 square feet of typical retail space, with monthly rent estimated at about $1.20 to $2.50 per square foot on the high end. Your rent will depend on market conditions and rental rates in the community at the time you enter into a lease, the type of space and its size and layout and possibly some other factors. The low estimate assumes a 4,000 square foot warehouse facility with rent at the low estimate. The high estimate assumes a 10,000 square foot retail space with rent at the high estimate. These estimates assume parking and other amenities are included in the rent. If your facility is larger than 10,000 square feet, or if your rent is higher, or if the landlord imposes additional charges, your costs can exceed the high estimate.

Note 3: Estimated security deposits to start service with electric, telephone, internet, water and gas utilities. At some locations you must establish your own accounts with all utilities. At other locations some of these could be included in your lease and not separately charged. The low estimate assumes that no security deposits are charged. The high estimate assumes two of these utility suppliers each charges a security deposit of $500.

Note 4: The improvements you'll need may include tear down and addition of walls to create workout and exercise space, a reception/retail area, office, showers, mop sink and possibly a rest room if none is available separately in the structure where your facility is located. You will need interior décor, wraps, mirrors and other wall coverings, possibly some lighting. Some construction could be involved depending on the size and layout of the facility. We've estimated the costs at about $150,000 to $450,000 for construction, $5,000 to $25,000 for wraps, mirrors, and other interior décor. Your costs could be lower or higher. Some portion of the costs could be partially reduced by any tenant improvement allowance you are able to obtain from your landlord. If you are able to obtain a facility that was previously a fitness studio, gym or similar facility that may help reduce some leasehold improvement costs.

Note 5: The main equipment you'll need include power rack with lifting platforms, wall mounted rig, adjustable benches, Olympic benches, jungle gym cross-over, dumbbells and dumbbell rack, cable machines, free motion machines, an octagon, fight cages, and mixed martial arts equipment and accessories. Your cost will vary based on size and location of your facility and pricing at the time of your purchase.

Note 6: Office furniture and equipment will include a conference table, desks, chairs, couch, vending machines, refrigerator and display racks and shelving for the retail sales area, wi-fi receiver, sound system (up to 4-5 speakers with subwoofer), Apple iPad, TV monitors, laptop computer, printer, fax, shredder, file cabinet and supplies such as paper, pens, pencils, stapler, and other such office equipment. You will also need a network camera system for monitoring your facility. The low estimate assumes you already have some items and/or you purchase lower cost items. The high estimate assumes you purchase more costly items. Wide ranges in prices exist. If you purchase more expensive items your investment could exceed the high estimate.

Note 7: The low estimate assumes your signage is professional wraps in a front office window or entry. The high estimate is for neon, backlit, channel letter, pole or monument sign at an industrial park.

Note 8: We provide initial training in our method of operation to you and possibly one other supervisorial or managerial person who will be employed by you. We expect training to last about 3 to 5 days. Training may be provided by instruction, lecture, practice, practice application, self-study, on-line, DVD or other media, at-work-training and practice, participation in delivering services, with other personnel or franchisees, testing and/or combinations of these, or other means. (Franchise Agreement Sect. 11.3.) The travel and living expenses estimates assume that you elect and we agree for you to take in-person training. The low estimate assumes we train only you, and that you live near our location in Temecula, California so you will not have to travel or pay for living expenses. The high estimate assumes we train you and one other supervisorial or managerial person and includes an estimate for round trip air travel, lodging, food, and minimum wage estimate for the other person. The estimates assume you do not receive a salary.

Note 9: We currently require you to use the Self Made Nutrition Software to assist your trainers in consulting on nutrition and diet with their clients, the SMTF App, and the Self Made Academy Personal Training Certification software at a cost of $900 per month. This fee is paid to us.

Note 10: The cost of the POS hardware is either $1,300-$1,800, plus a maintenance fee of $29 a month, if you choose to buy; or $119.00 a month to lease. We also require you to use CardConnect to process credit card payments by customers. CardConnect provides two merchant accounts. The retail account costs 0.1% per credit card swipe and 5¢ per transaction. The other account costs $18.50 per month, 1.5% to 2% per credit card swipe and 5¢ per transaction. We require access to your CardConnect and POS summaries and reports.

Note 11: These are estimates for licenses and permits that may be required by the state and localities where your training facility is located.

Note 12: The low estimate assumes you do not form a corporation or limited liability company or other entity because you sign the Franchise Agreement individually, or you already have such an entity. The high estimate assumes you incur professional and government fees to form a corporation or limited liability company or other entity.

Note 13: You should consult an attorney and accountant to help you evaluate this franchise offering. The low estimate assumes your fees for the lawyer and accountant are minimal. The high estimate assumes you have more extensive consultation with your lawyer and accountant.

Note 14: You will purchase an inventory of athletic apparel, supplements, and snacks. You will purchase all of the apparel for your Training Facility from our affiliate, SLFMD with a low estimate of $3,000 to a high estimate of $8,000, with remainder costs ($3,000-$4,000) for additional athletic apparel, supplements and snacks. The low estimate assumes you stock your retail area with less of these items. The high estimate assumes you stock your retail area with more of these items.

Note 15: You must purchase $800 worth of energy drinks from our approved supplier to receive a refrigerator to store the energy drinks and our branded water products. The cost and total water products you are required to purchase, depends on whether your Training Facility is located in California or another state and includes the cost of shipping. The low estimate assumes your Training Facility is located outside of California, your shipping costs is $180 (varies up to $400, depending on your location) and includes the required snack purchase to receive the refrigerator. The high estimate assumes your Training Facility is located in California, includes your shipping cost and includes the required snack purchase to receive the refrigerator.

Note 16: We require you to obtain and maintain insurance coverages that we specify. Currently we require you to have comprehensive general liability coverage including personal injury, property damage, bodily injury, advertising injury and contractual liability coverage for the business classification that includes operating a training facility/gym/health/fitness center, of at least $1,000,000 per occurrence, $2,000,000 aggregate, sexual abuse or sexual molestation liability of at least $100,000 each occurrence, $300,000 aggregate; and professional liability insurance of at least $1,000,000 for the independent instructor(s) at your facility and the offsite locations; business interruption insurance of at least $1,000,000 insuring against any loss, liability, personal injury, death, property damage, property loss or expense arising or occurring on or in connection with the business; automobile liability insurance, including owned, hired and non-owned vehicle coverage of at least $1,000,000; any insurance required by the lease; umbrella coverage of at least $1,000,000; data theft and cybersecurity coverage; all of the foregoing insurance policies must name us and our shareholders, members, partners, directors, officers and employees as additional insureds; employment practices liability insurance of at least $1,000,000; and any workers' compensation, unemployment and state disability insurance as is required by law. The low estimate assumes you are able to obtain a less expensive policy and you pay annual premiums in monthly or quarterly installments and is for 3 months' premium payments. The high estimate assumes a higher priced policy and that you pay the annual premium in a lump sum.

Note 17: We require you to develop and propose for our approval a grand opening promotion plan for the period about a month before opening through the first 3 months of operation, with a budget of at least $2,500. The higher estimate assumes you voluntarily elect to spend more than the minimum.

Note 18: 30 days after the date you commence operations, you must spend at least $250 per month on local advertising and promotion directed at professional trainers in your community or other audience we approve. Currently most of your marketing will be via social media. Hiring a social media optimization person will benefit you.

Note 19: You need to have at least these amounts of working capital for operating expenses, like greater expenses in any category, expenses until you are fully staffed with trainers, unexpected expenses for maintenance and additional equipment per your preferences for the start-up phase of the business, which this table assumes will be about three months. You will pay these amounts to Approved Suppliers, utilities and any other vendors for the start-up phase of the business. We do not assure this amount will be sufficient. Additional working capital may be needed, particularly if sales are low or expenses are high. We relied on the experience of our founder Miguel Aguilar in estimating the amount required for additional funds.

Note 20: This total estimates your initial investment and expenses during about the first three months of operation. The amounts shown on each row are only estimates and may vary for many reasons. The totals are sums of many estimates and therefore have greater potential to differ from your actual investment. Generally none of the expenses in this chart are refundable, except that security deposits may be refundable and some of the insurance premium may be refunded when a policy is cancelled prior to expiration of the policy.

Note 21: The purchase price of an Existing Training Facility typically depends on the business's gross cash flow, the remaining term of the lease and the value of the leasehold. In the typical case, you will purchase all assets of the Self Made Training Facility owned by Self Made Training, including the goodwill of the business other than the goodwill associated with our trademarks and receive an assignment of all relevant commercial contracts and the lease for the premises. In the typical case, you will reimburse Self Made Training for 3 months' prepaid rent and a security deposit equal to 1 month's rent for the Self Made Training Facility premises when you complete the purchase of the assets. Self Made Training will generally retain all liabilities of the former business. The purchase price and the terms of the Asset Purchase Agreement and its attachments will vary considerably among Self Made Training Facilities, depending upon the gross cash flow for the existing business, the value of the leasehold, any unique characteristics regarding each transaction and the Existing Training Facility, financing arrangements and other factors. The purchase price and terms of the Asset Purchase Agreement are negotiable. We do not offer direct or indirect financing for the purchase price of an Existing Training Facility.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The location you choose for your facility must meet criteria we set. Signs, advertising, promotion material, equipment, furnishings, fixtures, supplies, products and merchandise you will use and offer must meet standards and specifications we set. You must buy insurance in at least the amounts we specify, from carriers satisfactory to us, and containing terms we require.

We can provide you lists of approved suppliers and distributors, and lists of services and products we approve. You must buy the products and services we designate, only according to these lists and only from suppliers on these lists. We can revise these lists, from time to time. For some or potentially all products or services we can designate our self (franchisor) or an affiliate as an approved supplier, or the only approved supplier.

Any items we do not require you to buy according to our approved supplies or approved suppliers list, must still conform to any specifications and quality standards we set.

If you want to sell or use a product, supply or service we have not approved, or buy from a supplier or vendor we have not approved, you must tell us in writing and ask our consent. You provide us their name and address, description of proposed product or service, and other information we request.

We can require a proposed supplier or vendor to enter into a confidentiality agreement, and provide us specifications, samples, and more information. We can inspect their facilities and establish delivery terms,

service and other requirements. We can require you or the supplier or vendor to pay or reimburse our costs and expenses for conducting our evaluation. We try to tell you our decision within a reasonable time (estimated to be about ten days after we get all the above items and information).

We may require a supplier or vendor to satisfy requirements we set as to product and service quality, pricing, reliability of delivery, inventory management, insurance, indemnification and non-disclosure; provide us samples at no charge; sell products bearing our trademarks only to our authorized franchisees and only pursuant to a trademark license we prescribe; provide us duplicate purchase invoices and other reports; let us audit them; and comply with other requests we make. We may reevaluate products, services, suppliers or vendors and withdraw approval. We tell you in writing if we withdraw approval.

We may charge you for products and services. The charges may include mark-ups and profit to us or our affiliates. We and our affiliates receive revenue from your purchases from us/them. The revenue equals the prices we and our affiliates charge you and that you pay to us or them.

You must buy Self Made Fitness brand apparel directly from our approved supplier, SLFMD. SLFMD is owned by Miguel Aguilar, our Director, President, Secretary and Treasurer, listed in Item 2. SLFMD's total revenue as of December 31, 2021 was $171,768. SLFMD earned $95,115 or 55.37% of its revenue from sales to our franchisees as of December 31, 2021. The source of this information is the financial books and records of SLFMD.

You must buy equipment and various accessories from our approved supplier, KFP. KFP is owned by Miguel Aguilar, our Director, President, Secretary and Treasurer, listed in Item 2. KFP's total revenue as of December 31, 2021 was $1,250,497. KFP earned $875,347 or 70% of its revenue from sales to our franchisees as of December 31, 2021. The source of this information is the financial books and records of KFP.

You must buy equipment and various accessories from our approved supplier, SMRE. SMRE is owned by Miguel Aguilar, our Director, President, Secretary and Treasurer, listed in Item 2. As of December 31, 2021, SMRE did not receive any revenue from sales to our franchisees. The source of this information is the financial books and records of SMRE.

You must purchase water products directly from our approved supplier, Hydrati8n. Hydrati8nis fully owned by Miguel Aguilar, our Director, President, Secretary and Treasurer, listed in Item 2. Hydrati8nearned no revenue as of December 31, 2021 from required franchisee purchases.

We specify the items of equipment you must obtain for your training facility. You must use Foreman Fitness branded equipment purchased from KFP, unless you receive our written consent to purchase similar equipment from a different brand.

In calendar year 2021, we did not receive any revenue from required purchases or leases of products or services from franchisees for products and supplies, but may in the future.

We estimate your costs for items you must buy from us or suppliers we designate, will be about 25% of your total purchases in starting the business and about 50 to 65% of your total purchases in operating the business.

One product line we currently anticipate requiring you to use, offer and sell is the 1st Phorm supplement line, which you must purchase directly from 1st Phorm. You will receive a discounted price when you purchase directly from them. We do not own any interest in this supplier. We could add additional product lines. We do not receive a commission from your purchase, but may do so in the future. We could change brands we require you to offer. You may purchase these products from any supplier with our written approval.

We do not own an interest in any third party suppliers. But we are not restricted from, and could in the future, own an interest in a third party supplier.

Currently, no supplier pays us a commission or override or the like based on your purchases from them. We do not provide or withhold material benefits to you (such as renewal rights or a right to open additional training facilities) based on whether or not you buy through sources we designate or approve. But purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

Currently, there are no purchasing or distribution cooperatives.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 5 &10 of the Franchise Agreement	7 & 11
b. Pre-opening purchases/lease	§10.3 of the Franchise Agreement	7 & 11
c. Site development and other pre-opening requirements	§10 of the Franchise Agreement	7, 8 & 11
d. Initial and ongoing training	§§11, 17.6 & 24.2(G) of the Franchise Agreement	6, 7 & 11
e. Opening	§10.9 of the Franchise Agreement	7 & 11
f. Fees	§§10.4, 10.9, 11.2, 15, 19.3, 22.8, 23.3, 24.2(H), 26.3, 27.3(A), 27.5, 28.2(E)-(F) & 31.6-31.8 of the Franchise Agreement; §§3 & 15 of the Asset Purchase Agreement; § Introduction, 1, 4, 13 of the Promissory Note; §7.3 of the Security Agreement	11 & 17
g. Compliance with standards and policies/Operations Manual	§§9.1, 13.2, 14.4 & 14.6 of the Franchise Agreement	8 & 11
h. Trademarks and proprietary information	§§12 & 20 of the Franchise Agreement	13 & 14
i. Restrictions on products/services offered	§§12.2, 17.4, 17.8, 17.23, 18.8 of the Franchise Agreement	8 & 16
j. Warranty and customer service requirements	§17.13 & 18.11 of the Franchise Agreement	12
k. Territorial development and sales quotas	§§6 & 9.2 of the Franchise Agreement	12

Obligation	Section(s) in Agreements	Disclosure Document Item
l. On-going product/service purchases	§§15.6 & 19 of the Franchise Agreement	8 & 16
m. Maintenance, appearance and remodeling requirements	§17.7 of the Franchise Agreement; §4.1(b) of the Security Agreement	11
n. Insurance	§§10.8 & 22 of the Franchise Agreement; §9 of the Asset Purchase Agreement; §4.1(j) of the Security Agreement	6, 7, 8 & 11
o. Advertising	§16 of the Franchise Agreement	6, 7 & 11
p. Indemnification	§§22.8 – 22.11 of the Franchise Agreement; §12 of the Asset Purchase Agreement; §7.2 of the Security Agreement	6, 13 & 14
q. Owner's participation/management/staffing	§§17.5 & 17.6 of the Franchise Agreement	11 & 15
r. Records/reports	§21 of the Franchise Agreement	6, 8 & 11
s. Inspections and audits	§21 of the Franchise Agreement	6 & 11
t. Transfer	§24 of the Franchise Agreement; §15 of the Promissory Note; §7.5 of the Security Agreement	6 & 17
u. Renewal	§23 of the Franchise Agreement	6, 8 & 17
v. Post-termination obligations	§28 of the Franchise Agreement; §5.2 of the Security Agreement	17
w. Non-competition covenants	§§20.11-20.15 of the Franchise Agreement	14 & 17
x. Dispute resolution	§31.8 of the Franchise Agreement; §14 of the Asset Purchase Agreement; §14 of the Promissory Note; §7.14 of the Security Agreement	17
y. Franchisor Right to Resolve Claims	§§22.10, 31.8 of the Franchise Agreement; §§7(e), 9(c), 9(e) & 9(f) of the Asset Purchase Agreement	6, 13 & 14
z. Franchisor Operation of the Training facility	§26.3, 27.5-27.6, 31.2 of the Franchise Agreement	6 & 11
aa. Franchisor Right of First Refusal	§25 of the Franchise Agreement	12 & 17
bb. Independent Contractor Relationship	§§12.6 & 31.3 of the Franchise Agreement	11, 15

ITEM 10
FINANCING

Our affiliate, KFP, can, at its discretion, finance all or part of the fitness and exercise equipment purchase you make. We or our affiliates do not provide other types of financing.

Summary of Financing Offered

Item Financed (Source)	Amount Financed	Down Payment	Term (MOS)	APR%	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Fitness and Exercise Equipment Purchase (1)	$120,000 - $450,000 (1)	10%-30%	Up to 84 months	6-10% (4) Default APR: Interest rate + 10% per annum on delinquent amount. Interest charges will not exceed maximum rate allowed by law.	Varies	None	Security Agreement	Individual liability	You waive all rights to presentment or notice of non-payment and to release or discharge based on anything other than payment in full (8)

1. At KFP's discretion, it may finance all or part of the fitness and exercise equipment purchase you make from KFP. The financed amount depends on the cost of the item financed, your ability to pay and KFP's ability to provide financing at the time.

2. You will pay for the fitness and exercise equipment purchase with a down payment and a promissory note. KFP doesn't require an application fee.

3. You must sign a promissory note which requires monthly payments of the financed amount and interest. The repayment term is up to 84 months. There is no restriction on you repaying the note sooner.

4. Interest is normally at a fixed rate. Most of the time the interest rate KFP charges is about 6% to 10%, but can be more or less, not to exceed the maximum rate allowed by law.

5. See the sample Promissory Note, Exhibit G. It does not have a penalty for early repayment except that you must reimburse KFP for any prepayment penalties or other charges it incurs due to your early repayment.

6. The Promissory Note is secured by a Security Agreement which lets KFP foreclose on the security. The Promissory Note is governed by California law. You must pay KFP's attorneys' fees if it sues to collect. You must also sign the Security Agreement, attached to this Disclosure Document as Exhibit H. It gives KFP a broad security interest in all your business and personal (non-business) property wherever located, including equipment, inventory, fixtures, all accounts, cash, proceeds, insurance claims, tax refunds and personal

property, whether owned when you sign the Security Agreement or acquired later. You must maintain insurance to protect the secured property against fire and other damage. The Security Agreement appoints KFP as attorney-in fact to protect, take and sell the secured property if you don't comply.

7. The Promissory Note provides a late payment penalty of 10% of the amount overdue and acceleration of the entire amount due if you are more than 5 days late making a payment. If you don't comply with the Promissory Note, the Security Agreement, or any of the other agreements with KFP or us, KFP can accelerate the entire amount remaining due, plus interest and any fees, without notice and KFP can sell the property secured in the Security Agreement. (Security Agreement Section 5.2). See sample Security Agreement, Exhibit H.

8. You waive all rights to presentment, protest and demand, diligence in collection and notice of protest, presentment, demand, dishonor and nonpayment of the Promissory Note and any release or discharge arising from any extension of time, discharge of any party liable for payment of the Promissory Note, release of any or all security for the Promissory Note or other cause of release or discharge other than actual payment in full of the Promissory Note.

9. You are required to pay a down payment ranging from 10% to 30% of the total amount financed. We don't require an application fee.

10. Your payments will be determined by the amount financed and it will remain a set amount which will be paid monthly until the Promissory Note is paid in full.

KFP doesn't have any intent to sell, assign or discount to a third party all or part of the Promissory Note and Security Agreement; however, KFP reserves the right to do so.

Neither we nor our affiliates guarantee your note, leases or other obligations. Neither we nor our affiliates receive compensation for placing financing with any lender.

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

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

Pre-Opening Obligations

Before you open your training facility for business, we will:

1. Agree on a geography in which you will operate and state this in the Franchise Agreement. (Franchise Agrmt. Secs. 6 and 9.2).

2. Provide you our criteria for premises for a Self Made Training Facility (Franchise Agrmt. Sec. 10). You obtain the location for your facility; we do not own or lease the premises to you.

3. Consider and decide whether or not to approve a location you propose for your facility. (Franchise Agrmt. Sec. 10.2). Factors we consider may include any one or more of: meeting our location criteria, rent and other lease terms; our assessment of the location and area, its demographics; accessibility, traffic patterns, parking, size, physical characteristics, closeness to or distance from other Self Made Training Facility locations as well as any competing businesses, any knowledge about the landlord and neighboring tenants. The Franchise Agreement says you must get our approval and enter into a lease within 90 days, and must open for business within 310 days, after signing the Franchise Agreement (Franchise Agrmt. Secs. 10.4 and 10.9). We will try to tell you our approval or disapproval within 15

days after you provide us all the information we request. If you and we are unable to agree on a location, or you don't identify a location within 90 days after signing, or if you don't open for business within 310 days after signing, we can terminate the Franchise Agreement. There is no refund of the initial franchise fee.

4. Review the lease you propose to enter into and decide whether we approve it or not. (Franchise Agrmt Sec. 10.3). You must obtain our consent before entering into a lease (Franchise Agrmt. Sec. 10.3).

5. Provide you our written specifications for the design and equipping of a typical Self Made Training Facility (Franchise Agrmt. Sec. 10.5). You use these to develop plans that you provide to us for our consent. After we consent, you construct the location and make sure you comply with the plans, and all laws, zoning and building codes (Franchise Agrmt. Sec. 10.5).

6. Provide you our signage specifications (Franchise Agrmt. Sec. 10.7).

7. Provide you our list of approved suppliers and approved products and services for your training facility. (Franchise Agrmt. Sec. 18.3). We don't currently provide or install any items.

8. Inspect your facility one or more times (Franchise Agrmt. Sec. 10.8).

9. Provide you and one of your supervisorial or managerial personnel, our initial training program (Franchise Agrmt. Sec. 11.1). If you ask and we agree, we will provide additional training to other supervisorial and managerial personnel selected by you for which we charge a daily fee of $500 per day. (Franchise Agrmt. Sec. 11.5). Other than this, we do not assist in recruiting or hiring or training your personnel.

10. Provide you online access to our confidential Operations Manual. (Franchise Agrmt. Secs. 14.1 and 14.6).

11. Review the grand opening promotion plan you will propose to us, and tell you if we approve it or not (Franchise Agrmt. Sec. 16.1).

Length of Time Between Signing Franchise Agreement and Opening Your Training Facility.

We estimate that you will open within 180 - 280 days after signing the Franchise Agreement. We require you to obtain premises, construct, equip, get our consent to open and open the facility for business within 310 days after entering into the Franchise Agreement. Factors that may affect this length of time include how long you need to find a location, obtain a lease, and get the location built-out and equipped. Construction delays, including those caused by pandemics, epidemics or other unforeseen events occurring in the geographic area where you operate your facility, may delay your ability to open your facility.

Continuing Obligations

After you open for business we will:

1. Provide a phone number you can contact us at from time to time to make inquiries and seek guidance and support.

2. Review proposed advertising you submit for our approval, and tell you if we approve the proposed advertising or not. (Franchise Agrmt Sec. 16.3).

3. Make available advertising materials and literature for your use. We may charge you for these, approximately equal to our costs. (Franchise Agrmt. Sec. 16.6).

4. Review the form of written agreement you propose to use with trainers, and tell you if we consent to the form of agreement or not. (Franchise Agrmt. Sec. 17.16). This review is for our benefit for the purpose of protecting the brand and system and is not assurance that the form is lawful or will serve your needs.

5. Inspect your training facility when we deem appropriate (Franchise Agrmt. Sec 17.19).

6. We may suggest prices you should consider charging. Unless we say otherwise, you set your prices. When allowed by law, we could set minimum or maximum prices or both, or specific prices or price ranges. You must comply with these if we say so. Our suggested or required pricing may be based on a range of factors; we do not represent that they will increase or maximize your revenues or profit. You must keep us informed of the prices you charge. (Franchise Agrmt. Sec. 17.14).

7. When established, make an accounting of the Promotion Fund available to you annually after your request. (Franchise Agrmt. Sec. 16.16).

8. Revise our list of approved supplies and approved suppliers from time to time and provide you the revisions. (Franchise Agrmt. Sec. 18.3).

9. Include you on our website with a link that visitors can click on to access your site. (Franchise Agrmt. Sec. 13.2).

10. Designate products and services you must offer for sale at the training facility (Franchise Agrmt. Sec. 17.4).

11. Provide you access to our software. See below

12. Consider, evaluate and let you know our decision on products, supplies or services you propose after you provide us information and samples we request. (Franchise Agrmt. Secs. 18.6).

13. Provide additional and refresher trainings, conferences, meetings or conventions when we think it is appropriate. (Franchise Agrmt. Sec. 11.6).

14. If you fail to repair or maintain the training facility or correct a deficiency that we ask, we can make the repair or correction, at your expense. Similarly, we can obtain insurance you are required to maintain, if you fail to do so. And we can resolve customer, supplier or other claims relating to your training facility, at your expense, if you fail to do so. (Franchise Agrmt. Secs. 17.22, 22.5 and 22.10).

15. If we believe operation of the training facility may be in jeopardy, or if a default or breach occurs, or if you die or become incapacitated and a fully trained manager has not yet taken over management, we can elect to operate the training facility or have our nominee do so. If we do this, you pay us a daily management fee of $500 plus our expenses in addition to the other fees. (Franchise Agrmt. Secs. 26.3 and 27.5).

Advertising

You propose to us a grand opening marketing plan for your training facility with a budget of at least $2,500. After we approve your plan you must implement it. (Franchise Agrmt. Sec. 16.1).

After your first 30 days of operation, you must spend at least $250 a month of your gross revenues on local advertising and promotion of your training facility. You must submit written proof of this to us each month. After two years of operation, if you are in compliance with the Franchise Agreement and operating at or near capacity, you can ask us for consent to lower the percentage of gross revenues to be spent on local advertising. We are not required to consent. (Franchise Agrmt. Sec. 16.2).

You must submit to us for approval any advertising that you propose to use. We will tell you if we approve or not. You can't use any advertising that we haven't approved, and you must immediately stop or modify any advertising if we say so. (Franchise Agrmt. Sec. 16.3).

We may make advertising literature and materials available for your use. We charge you our cost. (Franchise Agrmt. Sec. 16.6).

We are not obligated to conduct any advertising.

We can establish and administer a Promotion Fund. If and when established, you will contribute a percent of your gross revenue, up to 4%, to the Promotion Fund that we set up. We will contribute on a similar basis for training facilities we operate. We have sole discretion over how the Promotion Fund money is used. It will be used for advertising, marketing, public relations and related purposes we decide. If and when established, no more than 25% of the Promotion Fund will be used to solicit new franchise sales. The Promotion Fund could develop and market promotion items and make them available to you at a charge equal to the Promotion Fund's cost. You must offer and honor special offers and discount coupons the Promotion Fund develops. We do not assure that you or any particular franchisee will be the subject of or will benefit directly, or pro rata, or at all from advertising or promotion funded by the Promotion Fund. We are not required to spend a specific or any amount in your area or any area or to use any particular media. (Franchise Agrmt. Sec. 16.9).

The Promotion Fund need not spend all its funds in the year they are received. We can, but are not required to, have the Promotion Fund audited, at its expense. We will have an accounting of the Promotion Fund's contributions and expenditures prepared annually and made available to you after your written request. We are not a trustee or fiduciary for such funds. (Franchise Agrmt. Sec. 16.9(g)).

In the year ended December 31, 2021, we had not established a Promotion Fund. Therefore there was no Promotion Fund expenditures in the year then ended.

There is no council of franchisees that advises us on advertising. We may, in the future, establish one or more regional advisory councils. If we do, we will determine how members of the council are selected and the nature of its role. We may, in our absolute discretion, dissolve the council. (Franchise Agrmt. Sec. 16.11).

We may establish one or more local, regional or national advertising areas in which your training facility and at least one other Self Made Training Facility are located, as cooperative advertising region(s). We don't have to include training facilities that we own in a particular area. You must participate in and contribute to the cooperative according to its rules, up to 3% of your gross revenues, as determined by a majority of the cooperative's members. Your contributions are additional to required contributions to the Promotion Fund, if and when established, but will be credited toward your required expenditures for local advertising. (Franchise Agrmt. Sec. 16.10).

We can require that proposed organizational document of the cooperative (like articles of incorporation, bylaws, operating agreement, or the like) and operating procedures be approved by us before adoption, and before any proposed amendment. We can participate in deliberations of the cooperative and

veto any decision we object to or consider detrimental. We can require the de-establishment, consolidation and/or reorganization of any one or more areas as cooperative(s).

POS/Computer System

We require you to have an Apple iPad and a laptop or desktop computer using a currently supported version of Windows for its operating system. We require you to have a printer. We don't currently specify a particular computer or printer. We currently require you to use our own dedicated software programs called Self Made Nutrition, as well as our SMTF App and the Self Made Academy Personal Training Certification software at a cost of $900 per month.

We also require you to use CardConnect. CardConnect provides two merchant accounts. The retail account costs you 0.1% per credit card swipe and 5¢ per transaction, above wholesale. The other account costs $18.50 per month, 1.5% to 2% per credit card swipe and 5¢ per transaction. We require access to your CardConnect and POS summaries and reports.

As of December 31, 2021, our current POS equipment requirements for a Clover POS system are as follows:

1 POS Retail Software/Hardware
(Included: Receipt Printer – Thermal, Cash Drawer, Bar Code Scanner, and Necessary cables and connectors)
1 Credit Card Interface through CardConnect
1 Installation, Config, Training

The cost of the POS hardware is either $1,300-$1,800, plus a maintenance fee of $29 a month, if you choose to buy; or $119.00 a month to lease.

We are not required to provide maintenance, repairs, upgrades or updates. With regard to our Self Made Nutrition software, SMTF App and Self Made Academy Personal Training certification software, we will support you with upgrades and updates. All other maintenance, repairs, upgrades or updates to your POS/Computer System is your responsibility.

You must enter and record in the computer system all sales, customer and other information we designate. We require you to cooperate in providing us unlimited access to all your computer and POS data, computer system and related information via direct access either in person or electronically by telephone, Internet or other electronic access or transmission system. (Franchise Agreement Sec. 21.5).

Operations Manual

Attached as Exhibit J to this Disclosure Document is the Table of Contents of our Operations Manual. As of December 31, 2021, the operation manual had a total of 343 pages.

Training Program and Continuing Education

INITIAL ONLINE TRAINING PROGRAM

Subject	Hours of Online Training	Hours of Online Operational Training	Location
Brand History and Overview	1	0	Online Training

Subject	Hours of Online Training	Hours of Online Operational Training	Location
Branding	4	0	Online Training
Safety/Liabilities	4	4	Online Training
Facility Training/Operations	4	4	Online Training
Retail Training	3	4	Online Training
Marketing and Promotions	2	2	Online Training
Nutritional Software	1	5	Online Training
Code of Conduct	1	0	Online Training
Billing and Processing	3	1	Online Training
Total	23	20	

Initial Online training will be provided as often as necessary to enable franchisees to complete training before their Self Made Training Facility opens. If you ask and we agree to provide in-person initial training at Self Made Training's facility in Temecula, California, you must pay all travel and living expenses while training.

The instructional materials consist of our Operations Manual and selected online equipment instruction manuals.

Our training program is overseen by Miguel Aguilar who has 18 years' experience in the subjects taught, whose experience is described in Item 2 and Marc Rodriguez who has 6 years' experience in the subjects taught and has worked with us since January 2021 .

You must complete our initial training before you open the facility for business. (Franchise Agrmt. Sec. 11.1). Training may be provided by instruction, lecture, practice, practice application, self-study, on-line, DVD or other media, at-work-training and practice, participation in delivering services, with other personnel or franchisees, testing and/or combinations of these, or other means. (Franchise Agreement Sect. 11.3.) There is not a specific time in advance of opening when you must complete training. If you wish, we will also provide training to additional supervisorial or managerial person at no additional charge. If you ask and we agree to provide training at your facility, additional to the initial training, or if we determine you need additional training, you pay our standard rates for each day of additional training, per trainer. As of December 31, 2021, the rate is $500 per day. You pay all expenses incurred by you and your supervisorial or managerial personnel for training, such as compensation, transportation, meals, lodging and other living expenses. We do not pay compensation, even for services by a trainee that benefits us or Self Made Training or other franchisees.

Additional Training and Continuing Education

We can require you to pay a monthly training and continuing education fee ("Training and Continuing Education Fee") not to exceed $500 monthly. The fee will be used to train and provide continuing training to you and other personnel designated by us in a virtual setting. (Franchise Agreement Sec. 11.6).

ITEM 12
TERRITORY

The franchise is for a single, specific location. The location will be stated in the Franchise Agreement, when agreed. If not stated when the agreement is signed, it will be added after you and we agree to the location. You may not operate from any other location.

While you are in compliance with the Franchise Agreement, we won't establish or operate or license others to establish or operate a Self Made Training Facility serving trainers on a private basis in your "Protected Territory". Your Protected Territory will be agreed by you and us and stated in the Franchise Agreement by a description, map, zip codes or other boundaries. A typical Protected Territory is defined by freeway or street boundaries or boundaries of a community or city or county, and/or a mileage radius around your training facility. The Protected Territory could tend to be smaller in a more densely populated area or larger in a less dense area, or otherwise if you and we agree circumstances warrant.

You need our prior written consent to relocate. The Franchise Agreement does not require us to consent. We anticipate that we may be willing to consent to you relocating if your lease ended without your fault or if your location is destroyed, condemned or rendered unusable, or if other circumstances make it appropriate to consider whether to possibly relocate. We would require the new location meet our requirements.

You must use best efforts to promote and increase sales and services of the Self Made Training Facility to get the widest and best distribution and sale of products and services and solicit potential customers and accounts.

The Franchise Agreement does not give you any option or right of first refusal for another franchise.

Except for the Protected Territory, the franchise is non-exclusive. We reserve the right directly and indirectly, ourselves and through others, to establish, own and/or operate, and grant licenses or franchises to others to establish own and/or operate: Self Made Training Facilities anywhere at the outside edge of or elsewhere outside your territory; both inside and outside your territory operate fitness and other facilities using the trademarks or other trademarks at any location open to the general public; both inside and outside your territory, operate facilities at non-traditional locations (for example, within airports, amusement parks, hotels, housing complexes, school campuses, military bases, business parks) and other locations that serve principally the general population of those structures or facilities rather than the general public; and/or both inside and outside your territory operate temporary facilities of any kind and nature, using our trademarks or other trademarks, at fairs, conventions, expositions and other events of limited duration. In addition, we can ourselves and through others, manufacture, produce, distribute, market, license and sell products, merchandise and services identified by the trademarks, which may include, but are not limited to clothing, equipment, snacks, foods, beverages, books and other instructional materials, consulting, and goods and services of every kind and nature, which may be offered, sold or distributed through any kinds of stores, mail order, Internet, social media or other distribution methods or channels, retail or wholesale or otherwise, inside or outside the territory, regardless of impact to your facility and without compensation to you.

Because of these exceptions, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control.

Continuation of your Protected Territory does not depend on you achieving a certain sales volume, market penetration, or other contingency. But it is conditioned on you complying with the terms of the Franchise Agreement.

You are not restricted from servicing customers at your training facility who come from outside your Protected Territory. You must deliver services or products only at the location of your training facility.

ITEM 13
TRADEMARKS

We grant you permission to use certain trademarks, according to our instructions, rules and procedures, in operating and advertising your training facility. The following marks are registered on the Principal Register of the United States Patent and Trademark Office:

Mark	Goods/Services (Summary)	Registration Number	Registration Date
SELF MADE	Physical fitness training services; consulting services in the fields of fitness and exercise.	3,931,928	March 15, 2011 Renewed August 3, 2020
SELF MADE TRAINING FACILITY	Providing facilities for physical fitness training; Providing fitness and exercise facilities.	5,052,597	October 4, 2016
	Providing facilities for physical fitness training; Providing fitness and exercise facilities.	5,052,598	October 4, 2016
WHERE CHAMPIONS ARE SELF MADE	Providing facilities for physical fitness training; Providing fitness and exercise facilities	5,080,395	November 15, 2016
	Providing facilities for physical fitness training; Providing fitness and exercise facilities; Physical fitness training services; consulting services in the fields of fitness and exercise; physical fitness conditioning classes; physical fitness instruction; providing personal training and physical fitness consultation to individuals to help them make physical fitness, strength, conditioning, and exercise improvement in their daily living	5,387,752	January 23, 2018

Mark	Goods/Services (Summary)	Registration Number	Registration Date
SLFMD	Clothing and apparel, namely pants, shorts, T-shirts, shirts, hats, belts, socks, headwear, leggings, board shorts, sports bras, tee shirts, performance pants and shorts, fitted pants and shorts, joggers, hooded sweatshirts, sweatshirts, sweat shorts, fitted socks.	5,766,563	June 4, 2019
BE MADE OR BE MOLDED	Clothing and apparel, namely, pants, shorts, Tee-shirts, shirts, hats, belts, socks, headwear, leggings, board shorts, sports bras, tee shirts, performance pants and shorts, fitted pants and shorts, joggers, hooded sweatshirts, sweatshirts, sweat shorts, fitted socks	6,036,711	April 21, 2020

The following marks are pending and not yet registered with the United States Patent and Trademark Office:

Mark	Serial No.	Goods/Services	Application Date
PROCRASTINATION IS DEATH	90/654,760	Athletic compression apparel, being, shirts, shorts, sport bras, socks, and underwear; clothing	April 19, 2021
BTR WTR	97/323,101	Water beverages; Aerated water; Bottled water; Bottled drinking water; Carbonated water; Drinking water; Mineral water; Mineral and aerated waters; Non-alcoholic water-based beverages also containing alkalines; Purified bottled drinking water; Purified drinking water; Sparkling water; Spring water	March 21, 2022
SLFMD	97/323,082	Water beverages; Aerated water; Bottled water; Bottled drinking water; Carbonated water; Drinking water; Mineral water; Mineral and aerated waters; Non-alcoholic water-based beverages also containing alkalines; Purified bottled drinking water; Purified drinking water; Sparkling water; Spring water	March 21, 2022

Mark	Serial No.	Goods/Services	Application Date
SELF MADE	97/323,091	Water beverages; Aerated water; Bottled water; Bottled drinking water; Carbonated water; Drinking water; Mineral water; Mineral and aerated waters; Non-alcoholic water-based beverages also containing alkalines; Purified bottled drinking water; Purified drinking water; Sparkling water; Spring water	March 21, 2022

The marks in the table immediately above are not yet registered. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark would have. If our right to use the trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses. However, we claim common law rights to all trade and service marks we license to you.

We intend to file all required affidavits to keep these registrations in effect.

The trademarks are owned by Self Made Training which granted us a license permitting us to use and sublicense these marks to our franchisees. The license may be terminated by either us or Self Made Training at any time for any reason upon written notice. The license has no specified term but provides that termination will not affect rights under franchise agreements we have entered into and if terminated the rights granted continue in effect until expiration or termination of each of our franchise agreements. Since Miguel Aguilar owns us as well as Self Made Training, we don't expect the license termination rights to have a negative impact on your operations.

You must notify us in writing if you learn of any demand, claim or suit alleging infringement by you of any trademark. If you used the trademarks in compliance with the Franchise Agreement, we will take the action we deem appropriate to defend and indemnify you against a third party claim that your use of a trademark according to the Franchise Agreement, infringes that party's trademark rights. We won't indemnify or defend for trademark usage not in compliance with the Franchise Agreement.

We can defend or settle a claim using counsel we choose. You must cooperate with us. You can't settle or compromise without our written consent.

You must notify us immediately on learning that any third party is or may be using a mark that is the same or confusingly similar to any trademark we license to you, who you believe is not authorized to use them. We have the right to decide what action to take, if any.

If we decide it is advisable to stop, modify or update use of any trademarks or adopt additional or substitute trademarks, you must comply with our request, at your expense. We might do this sometimes to refresh the trademarks, or modernize, or other reasons.

There are no current infringement, opposition or cancellation proceedings affecting our principal trademarks. There is no pending litigation involving our principal trademarks.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state or any court regarding our principal trademarks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim and will claim copyright ownership in various advertising and marketing materials, our Internet web site, software, software applications and other original works used in our business and made available for your use. We also claim copyright rights in the Operations Manual. Many of these copyrights may not be registered in the Copyright Office of the Library of Congress.

We do not have any patents.

You must immediately notify us in writing if you learn any demand, claim or suit claiming infringement by you of any copyright. If you used the copyrighted works in compliance with the Franchise Agreement, we will take action we deem appropriate to defend and indemnify you against a claim by a third party alleging that your use of a copyrighted work according to the terms of the Franchise Agreement, infringes that party's copyright. We won't indemnify or defend for copyright usage not in compliance with the Franchise Agreement.

We can defend or settle a claim using counsel we choose. You must cooperate with us. You can't settle or compromise without our written consent.

You must notify us immediately on learning that any third party is or may be using a material that appears to be copied from our copyrighted works, who you believe is not authorized to use them. We have the right to decide what action to take, if any.

If we decide it is advisable to stop, modify or update use of any copyrighted works, or use additional or substitute works, you must comply with our request, at your expense. We might do this sometimes to modernize, or other reasons.

We claim trade secret ownership in the Operations Manual and certain instruction methods, program materials, promotion materials (prior to public disclosure), marketing and business methods, advertising concepts and operating procedures. We anticipate that additional information will be trade secret. We'll disclose trade secrets to you in lending you the Operations Manual, providing you standard plans for a training facility, and performing the Franchise Agreement. You must maintain confidentiality of our trade secrets during and after the term of the Franchise Agreement. You must not use our trade secrets in any other venture or any way not authorized in writing by us. You must not make any unauthorized copy of trade secrets. You must follow procedures we state to protect our trade secrets.

You must not attempt to divert business or customers to a competitor. You must not hire or seek to employ someone who works for us or another of our franchisees, or induce them to leave their employment, without first getting ours or the franchisee's written consent.

You can't be in a competing business anywhere while the Franchise Agreement is in effect, and for 24 months after it ends, anywhere within a 20 mile radius of a Self Made Training Facility or your former Self Made Training Facility.

If we ask, you must obtain similar promises from your personnel.

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

You, or if you are an entity like a corporation or limited liability company, then an individual designated by you, but subject to our approval, who is at least a 60% equity owner, must actively manage and personally supervise the training facility and its affairs and operations and assure your compliance with the Franchise Agreement. You must exert best efforts but do not have to devote full time to the business. We can consent to reduce the 60% ownership requirement.

If we ask, you must obtain promises from your manager and/or other supervisorial and managerial personnel to the provisions for protecting our trade secrets, not diverting business, not soliciting employees and not being in a competing business, summarized in more detail in Item 14.

If you are an entity, then whoever signs the Franchise Agreement, also agrees personally and individually to accept the duties and obligations of the franchisee.

If you are an entity, we can require you to have each owner sign a guaranty in substantially the form attached to the Franchise Agreement.

We can conduct trainings, conferences, business meetings and conventions. These may require you to attend in person, or participate electronically or other ways we specify. You and/or your supervisorial and managerial personnel must attend and participate as and how we specify.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer at the training facility all services, programs and products we designate, and must not offer and must discontinue offering any service, program or product that we restrict or prohibit. The Franchise Agreement does not restrict us from making such changes.

You cannot have any vending machine, automated teller machine, amusement device, pay phone, video game or other gaming or entertainment device at the training facility other than those we specify. Currently we specify only certain snack food dispensing machines. You may only sell water products purchased from our affiliate. You cannot sell or make other types of water available in your facility, including water fill stations.

The service you are authorized to provide as a franchisee is to make your facility available on a private basis, to a limited number of professional physical fitness trainers, for their use with their clients. We do not authorize you to make the facility open to the public for exercise and fitness or any other purpose. You must not offer memberships and must not hold your facility as being open to the public.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

FRANCHISE AGREEMENT

Provision	Sections in Franchise Agreement	Summary
a. Term of the franchise	§23.1	Term is 7 years.
b. Renewal or extension of the term	§23.2	Renewal term is 7 years.
c. Requirements for you to renew or extend	§23.3	You: always comply with Franchise Agreement; notify us 90 - 180 days before term ends; pay us the $15,000 renewal fee; prove you have right to keep possession of premises for the renewal term and refurbish the training facility; sign new Franchise Agreement (which may materially differ from current agreement); attend refresher training/ orientation/ workshop. There can't be grounds for termination. You must satisfy all our then requirements for new or renewal franchisee.
d. Termination by you	§27.1	You cannot terminate before expiration without our consent (subject to state law).
e. Termination by us without cause	§27.4	Normally, no termination by us without cause. But if a fire or other casualty, or eminent domain action by government requires closing for over 20 days, then unless repair or reconstruction starts within that 20 day period and the training facility reopens within 120 days, or you get our consent and relocate within 120 days, we can terminate, or require you to relocate.
f. Termination by us with cause	§27.2	Depending on the cause for termination, we can terminate with limited or no opportunity to cure, or if you fail to cure after we provide you an opportunity to cure.
g. "Cause" defined - defaults which can be cured	§27.3	Failure to pay us or someone related to us (curable within 5 days after notice); failure to comply with a provision of the Franchise Agreement or a standard or operating procedure (curable within 30 days after notice).
h. "Cause" defined - defaults which cannot be cured	§27.2	You fail to obtain location, and equip the training facility, or complete training on time; make misrepresentation or omission in applying for franchise; plead no contest or conviction of crime; misuse or unauthorized use of our trademark, copyright or trade secret; impair goodwill or value of our trademark, copyright or trade secret; misuse, disclose or duplicate part of Operations Manual, trade secret

Provision	Sections in Franchise Agreement	Summary
		or confidential information; abandon, or fail to operate 5 days; fail to relocate on time after lease ends; surrender or transfer control of the training facility, make or attempt unauthorized assignment; fail to assign interest of deceased or incapacitated owner; understate revenues, royalties or fees owed by over 2% two times; you or your owner go bankrupt or insolvent; have a receiver appointed; make assignment for benefit of creditors; unsatisfied judgment for 30 days; suffer execution against business or property; suffer foreclosure; fail 2 times in 12 months to submit reports, information or records when due, pay royalties, advertising contributions, or amounts due for purchases, fail to comply with Franchise Agreement; violate health or safety law; operate in a way that is safety or health hazard; failure of health inspection; conduct that may injure our reputation; become subject of negative media; repeatedly breach Franchise Agreement.
i. Your obligations on termination/non-renewal	§28.1	Stop operating the training facility; not indicate you are a present or former franchisee of us; stop using advertising, trade secrets, trademarks, copyrights, confidential information, software and other indicia of us; assign lease to us if we elect, otherwise de-identify the training facility so it does not suggest connection with us; cancel or if we elect, assign to us any assumed name registration; provide us proof; pay all amounts owing to us; pay all our costs to obtain relief to enforce the Franchise Agreement; return the Operations Manual and other materials to us; transfer to us the service for your phone and fax numbers, internet and email addresses and domains and social media accounts; cooperate in notifying suppliers of the transfer; sign documents we ask; sell us assets if we elect; comply with post-term covenants.
j. Assignment of contract by us	§24.6	We have right to transfer, as well as acquire other entities, be acquired or do other transactions. These could result in us being affiliated with and servicing other systems even in your territory.
k. "Transfer" by you – definition	§24.1	Sale, assignment, transfer, conveyance, gift, pledge, assignment as security, encumbrance to any person or entity of all or any part of your interest in the Franchise Agreement or franchise or in any entity which owns any interest in the franchise; offer to do any of these.
l. Our approval of transfer by you	§24.1	You must get our prior written consent to making, offering or allowing any transfer.
m. Conditions for our approval of transfer	§24.2	We can require all your debts be paid and obligations satisfied; you not be in breach; you sign a general release; (subject to applicable state law) your proposed transferee satisfy us they meet our standards and have good reputation, credit and ability; proposed transferee upgrade the training facility to our standards; you and your owners remain liable

Provision	Sections in Franchise Agreement	Summary
		for obligations to us incurred before the transfer, and sign instruments we request; proposed transferee and manager complete training; you or proposed transferee pay our transfer fee; your proposed transferee sign our then-current franchise agreement, which may materially differ from your Franchise Agreement, and with its term modified to the remainder of the term of your Franchise Agreement.
n. Our right of first refusal to acquire your business	§25.1 & §25.2	We have right of first refusal to accept terms of your proposed sale, transfer or assignment. We can substitute cash for any kind of payment proposed in the offer; our credit is deemed to be at least as good as your proposed purchaser; we get at least 60 days to prepare for closing; we get written representations and warranties from you of clear title to assets; all assets in good condition; no breach of any agreement; no undisclosed liabilities. In a transfer of a partial interest, we have option to purchase entire interest in the franchise. You must get the lease assigned to us.
o. Our option to purchase your business	§28.1(C) & §28.1(I)	We can notify you up to 10 days after expiration or termination that we elect to have you assign your lease to us; and we can notify you up to 30 days after expiration or termination that we elect to buy the assets of your training facility at the lower of cost or fair market value.
p. Your death or disability	§26.1 & §26.3	If you die or become permanently incapacitated (or your shareholder or key person if you are an entity), surviving spouse, heirs, or estate or incapacitated person's legal representative, has 180 days to participate in ownership. They must keep all our standards, perform all obligations, satisfy all qualifications for a purchaser or sell, in compliance with all provisions of the Franchise Agreement to a buyer who satisfies our standards. From date of death or incapacity until qualified, trained person takes over, we or our nominee can operate the training facility. You reimburse our expenses and pay us a management fee.
q. Non-competition covenants during the term of the franchise	§20.11	You must not own, maintain, engage in, consult with or have any interest in a business providing exercise, fitness training or similar health and fitness services in a training facility, or in a gymnasium environment whether similar to or different from the services offered in the Self Made Training Facility system.
r. Non-competition covenants after the franchise is terminated or expires	§20.12	For 24 months after expiration or termination you must not own, maintain, engage in, consult with or have any interest in a business providing exercise, fitness training or similar health and fitness services in a training facility, or in a gymnasium or similar environment whether similar to or different from the services offered in the Self Made Training Facility system within 20 miles of your training facility or any other Self Made Training Facility.

Provision	Sections in Franchise Agreement	Summary
s. Modification of the agreement	§31.14	Franchise Agreement may be amended only by a written amendment signed by both parties.
t. Integration/merger clause	§31.14	Only terms of the Agreement and Exhibits are binding, subject to state law. Other promises and representations are not enforceable. Nothing in the agreement is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	§31.8	Subject to applicable state law, disputes are arbitrated. Before arbitration you or we must try to solve the dispute by mediation.
v. Choice of forum	§31.8(C)	Arbitration shall be conducted in Riverside County, California, subject to state law. See the State Specific Addenda (Exhibit D) attached to this Disclosure Document.
w. Choice of law	§31.8(A)	California law applies, subject to state law. See the State Specific Addenda (Exhibit D) attached to this Disclosure Document.

ASSET PURCHASE AGREEMENT

Provision	Sections in Asset Purchase Agreement	Summary
a. Term of the franchise	Not Applicable	Not Applicable
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Not Applicable	Not Applicable
g. "Cause" defined - defaults which can be cured	Not Applicable	Not Applicable
h. "Cause" defined - defaults which cannot be cured	Not Applicable	Not Applicable
i. Your obligations on termination/non-renewal	Not Applicable	Not Applicable
j. Assignment of contract by us	Not Applicable	Not Applicable

Provision	Sections in Asset Purchase Agreement	Summary
k. "Transfer" by you – definition	Not Applicable	Not Applicable
l. Our approval of transfer by you	Not Applicable	Not Applicable
m. Conditions for our approval of transfer	Not Applicable	Not Applicable
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	§15(d)	Asset Purchase Agreement may be amended only by a written amendment signed by both parties.
t. Integration/merger clause	§15(d)	Only terms of the Asset Purchase Agreement and Exhibits are binding, subject to state law. No other representations or promises will be binding. Any representations or promises outside of the Disclosure Document and Asset Purchase Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	§14	Riverside County, California, subject to state law. See the State Specific Addenda (Exhibit D) attached to this Disclosure Document.
w. Choice of law	§14	California law applies, subject to state law. See the State Specific Addenda (Exhibit D) attached to this Disclosure Document.

THIS TABLE LISTS IMPORTANT PROVISIONS IN THE PROMISSORY NOTE IF YOU FINANCE FROM US. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provision	Section in Promissory Note	Summary
a. Length of the Note term	Sec. 1	The repayment term varies. You may pay off the Note earlier than its term.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Sec. 2	The Note is pre-payable on 30 days' notice. You must pay any prepayment penalties or other charges we incur with our lender because of your prepayment.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Not Applicable	Not Applicable
g. "Cause" defined – curable defaults	Sec. 5	Failure to make any payment within 5 days after due date.
h. "Cause" defined – non-curable defaults	Not Applicable	Not applicable
i. Franchisee's obligations on termination/ nonrenewal	Sec.5	You must immediately pay remaining balance.
j. Assignment of contract by franchisor	Sec. 15	No restrictions on our right to assign.
k. "Transfer" by franchisee - defined	Sec.15	You may not transfer or assign your obligations under the Note.
l. Franchisor approval of transfer by franchisee	Sec.15	You may not transfer or assign your obligations under the Note.
m. Conditions for franchisor approval of transfer	Sec. 15	You may not transfer or assign your obligations under the Note.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable

Provision	Section in Promissory Note	Summary
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the Note	Not Applicable	Not Applicable
r. Non-competition after the Note is terminated or expires	Not Applicable	Not Applicable
s. Modification of the Note	Sec. 16	The Note cannot be modified or amended unless both parties agree in writing.
t. Integration/merger clause	Sec. 16	Only the terms of the Note are binding. You can't claim there are any other promises. Nothing in the Note is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Sec. 14	Litigation may be brought in Riverside County, California (subject to applicable state law). We are not precluded from bringing an action in another court. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
w. Choice of law	Sec. 11	California State Law applies. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
x. Acceleration	Sec. 5	If you fail to pay any installment within 5 days after its due date, or if you are in default under any of your other agreements with us, we can accelerate the Note and require you to pay entire unpaid balance and interest.

SECURITY AGREEMENT

Provision	Section in Security Agreement	Summary
a. Length of the Security Agreement term	Not Applicable	The Security Agreement will remain in effect until all secured obligations have been performed.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable

Provision	Section in Security Agreement	Summary
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Not Applicable	Not Applicable
g. "Cause" defined – curable defaults	Sec. 5.1 (c)	You fail to perform any requirement not covered by Section 5.1 and the failure remains unremedied for 5 days after notice.
h. "Cause" defined – non-curable defaults	Sec. 5.1	Non-Curable: non-cured defaults under Promissory Note; misrepresentations; dissolution; proceedings against your business; failure to provide requested financial information; you fail to take action to give KFP a perfected security interest in the collateral; involuntary proceedings are instituted against you; inability to pay debts or related proceedings; default under any agreement between you and us.
i. Franchisee's obligations on termination/ nonrenewal	Sec. 5.2	All secured amounts owed to KFP are accelerated. You must allow KFP to foreclose on your assets and enter the premises and immediately surrender collateral for sale.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable
k. "Transfer" by franchisee - defined	Sec. 7.5	You may not transfer or assign the Security Agreement without KFP 's prior written consent.
l. Franchisor approval of transfer by franchisee	Sec. 7.5	You may not transfer or assign the Security Agreement without KFP 's prior written consent.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the Agreement	Not Applicable	Not Applicable
r. Non-competition after Agreement terminates or expires	Not Applicable	Not Applicable

Provision	Section in Security Agreement	Summary
s. Modification of the agreement	Sec. 7.15	The Security Agreement cannot be modified or amended unless both parties agree in writing.
t. Integration/merger clause	Sec. 7.15	Only the terms of the Security Agreement are binding. You can't claim there are any other promises. Nothing in the agreement is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Sec. 7.14	Litigation may be brought in Riverside County, California (subject to applicable state law). KFP is not precluded from bringing an action in another court. See also State Specific Addenda (Exhibit D) attached to this Disclosure Document.
w. Choice of law	Sec. 7.13	California State Law applies. See also State Specific Addenda (Exhibit D) attached to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records or 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, affiliate-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing training facility, however, we may provide you with the actual records of that training facility. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Miguel Aguilar at Self Made Training Facility, 42265 Winchester Road, Temecula, California 92590; telephone: 951-634-8843, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	14	15	+1
	2020	15	16	+1
	2021	16	20	+4
Company-Owned (1)	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	15	16	+1
	2020	16	17	+1
	2021	17	21	+4

(1) Regarding company-owned outlets, we refer to our affiliate, Self Made Training.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 – 2021

State	Year	Number of Transfers
California	2019	0
	2020	0
	2021	1
Total	2019	0
	2020	0
	2021	1

Table 3
Status of Franchised Outlets
For Years 2019 – 2021

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired By Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California	2019	11	1	0	0	0	0	12

	2020	12	0	0	0	0	0	12
	2021	12	2	0	0	0	0	14
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Ohio	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nevada	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Totals	2019	14	1	0	0	0	0	15
	2020	15	1	0	0	0	0	16
	2021	16	4	0	0	0	0	20

Table 4
Status of Company-Owned Outlets
For Years 2019 – 2021 (1)

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
California	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

(1) Regarding company-owned outlets, we refer to our affiliate, Self Made Training.

Table 5

Projected Openings as of December 31, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
California	3	3	1
Texas	0	0	0
Total	3	3	1

No confidentiality agreements have been signed restricting any of our franchisees from speaking with you about their experience.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system which we created, sponsored or endorsed as of December 31, 2021.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A is our unaudited interim financial statements for the period January 1, 2022 through September 15, 2022 and our audited financial statements for the year ended December 31, 2021, December 31, 2020, and December 31, 2019. Our fiscal year end is December 31. We were formed on October 29, 2015.

ITEM 22
CONTRACTS

The Franchise Agreement is attached to this Disclosure Document as Exhibit B.

The General Release is attached to this Disclosure Document as Exhibit C.

The State Specific Addenda is attached to this Disclosure Document as Exhibit D.

The Confidentiality Agreement is attached to this Disclosure Document as Exhibit E.

The Asset Purchase Agreement is attached to this Disclosure Document as Exhibit F.

The Secured Promissory Note is attached to this Disclosure Document as Exhibit G.

The Security Agreement is attached to this Disclosure Document as Exhibit H.

The SLFMD BTR Water Supply Agreement is attached to this Disclosure Document as Exhibit I.

The SBA Addendum is attached to this Disclosure Document as Exhibit M.

ITEM 23
RECEIPTS

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

EXHIBIT A

FINANCIAL STATEMENTS

SMTF FRANCHISING, INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2022 THROUGH **SEPTEMBER 15**, 2022

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SMTF FRANCHISING, INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF **SEPTEMBER 15, 2022**

SMTF Franchising, Inc.

Balance Sheet

As of September 15, 2022

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
5886 Card Connect Merchant Services	51,708.63
Cash	0.00
Chase Savings 8703	0.00
Checking - Chase 0322 SMTF Franchising	3,276.25
Total Bank Accounts	**$54,984.88**
Accounts Receivable	
Accounts Receivable (A/R)	536.33
Total Accounts Receivable	**$536.33**
Other Current Assets	
Inventory Asset	0.00
Long Term Note Receivables	
Loan to Self Made Family	195,203.41
Loan to Self Made Real Estate	40,374.84
Loan to Self Made Training Facility	412,618.96
Total Long Term Note Receivables	**648,197.21**
Payroll Clearing	0.00
Prepaid Insurance	1,167.71
Undeposited Funds	0.00
Total Other Current Assets	**$649,364.92**
Total Current Assets	**$704,886.13**
Fixed Assets	
2017 MBZ G550	0.00
Accumulated Depreciation	-1,079.00
Camera	0.00
Fitness Equipment	35,289.21
Leasehold Improvements	32,562.50
Total Fixed Assets	**$66,772.71**
Other Assets	
Security Deposit	7,528.80
Total Other Assets	**$7,528.80**
TOTAL ASSETS	**$779,187.64**

SMTF Franchising, Inc.

Balance Sheet

As of September 15, 2022

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	30,550.59
Total Accounts Payable	**$30,550.59**
Credit Cards	
Apple CC	77.54
Capital One CC Spark	165,496.56
Total Credit Cards	**$165,574.10**
Other Current Liabilities	
Accrued Expenses - Legal Fees	0.00
Ca Department of Revenue Payable	0.00
Deferred Income Tax	7,840.00
Deferred Revenue	107.42
Income Tax Payable - Federal	73,782.23
Income Tax Payable - State	58,236.34
Insurance Payable	1,999.76
Loan Payable - E. Thepi	20,000.00
Payroll Liability	7,360.02
Payroll Tax Payable	0.00
Sales Tax Payable	0.00
Self Made Real Estate Loan Payable	-57,663.18
Total Other Current Liabilities	**$111,662.59**
Total Current Liabilities	**$307,787.28**
Long-Term Liabilities	
2022 Mercedes pmts	-9,145.84
Loan to Kollusion	171,294.98
Mercedes Benz Pmts	-23,565.81
On Deck Loan	7,677.09
SBA Loan	191,860.17
Total Long-Term Liabilities	**$338,120.59**
Total Liabilities	**$645,907.87**
Equity	
Additional PIC	21,869.00
Common Stock	1,000.00
Distributions	-217,769.66
Opening Balance Equity	0.00
Owner Contributions	83,052.82
PPP Grant	6,712.55
Retained Earnings	341,460.55

SMTF Franchising, Inc.

Balance Sheet

As of September 15, 2022

	TOTAL
Net Income	-103,045.49
Total Equity	**$133,279.77**
TOTAL LIABILITIES AND EQUITY	**$779,187.64**

SMTF Franchising, Inc.

Profit and Loss

January 1 - September 15, 2022

	TOTAL
Income	
Franchise Fee Income	
Gross SMN Sales	29,344.13
Initial Franchise Fee Income	31,500.00
Monthly Flat Franchise Fee Income	220,200.00
Refunds/Discounts Given	-983.90
Trainer Roster Income	211,429.67
Transfer Fee Income	-1,682.00
URBN Flat Fee Monthly Income	2,591.94
Total Franchise Fee Income	**492,399.84**
Sales of Product Income	1,300.00
Unapplied Cash Payment Income	6,289.70
Total Income	**$499,989.54**
Cost of Goods Sold	
Cost of Goods Sold	
COGS - Nutrition/Supplements	0.00
COGS - Shipping, Freight, & Delivery	693.26
COGS - Software/Apps	40,689.16
Total Cost of Goods Sold	**41,382.42**
Total Cost of Goods Sold	**$41,382.42**
GROSS PROFIT	**$458,607.12**
Expenses	
Advertising & Marketing	17,414.82
Food for Advertising Events	11,750.00
Total Advertising & Marketing	**29,164.82**
Auto Expenses	
Fuel	10,919.93
Insurance	5,927.37
Repairs and Maintenance	14,006.74
Total Auto Expenses	**30,854.04**
Bank Charges & Fees	887.04
Dues and Subscriptions	334.32
Insurance	3,755.87
Janitorial	7,681.30
Job Supplies	0.00
Legal & Professional Services	
Accounting Fees	8,025.00
Legal Fees	98,840.00
Professional Fees	7,069.73
Total Legal & Professional Services	**113,934.73**

SMTF Franchising, Inc.

Profit and Loss

January 1 - September 15, 2022

	TOTAL
Meals & Entertainment	20,541.15
Merchant Service Fees	6,274.82
Office Expenses	10,785.46
Payroll Fees	814.53
Payroll Tax	22,335.13
Rent & Lease	120,452.72
Storage	4,000.00
Total Rent & Lease	**124,452.72**
Repairs & Maintenance	32,867.77
Salary and Wages	50,391.37
Taxes & Licenses	3,353.10
BPP Taxes	7,361.14
Total Taxes & Licenses	**10,714.24**
Travel	
Airfare	18,844.30
Car Rental	24,079.15
Lodging	49,459.03
Parking & Tolls	999.73
Total Travel	**93,382.21**
Utilities	2,023.77
Telecommunications	457.32
Total Utilities	**2,481.09**
Total Expenses	**$561,652.61**
NET OPERATING INCOME	**$ -103,045.49**
NET INCOME	**$ -103,045.49**

SMTF FRANCHISING, INC

Comparative Financial Statements
December 31, 2021 and 2020

DANIEL S. VENNE

CERTIFIED PUBLIC ACCOUNTANT
41911 5th Street, Suite 300
Temecula, CA 92590
(951)694-1986 FAX(951)694-3651
E-MAIL: dan@danielvennecpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SMTF Franchising, Inc.
Temecula, California

Opinion

We have audited the accompanying financial statements of SMTF Franchising, Inc. (a C Corporation) which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of income, changes in shareholders' equity, and cash flows for the year 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 SMTF Franchising, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year 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 Statement section of your report. We are required to be independent of SMTF Franchising, Inc. 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 these 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SMTF

Franchising, Inc.'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 Responsibility 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 and 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 the effectiveness of SMTF Franchising Inc.'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 SMTF Franchising Inc.'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 our audit.

Temecula, CA
September 8, 2022

SMTF Franchising, Inc.
Balance Sheet
As of December 31, 2021 and 2020

ASSETS

	2021	2020
Current Assets		
Cash & Cash Equivalents	$ 1,568	$ 213,317
Accounts Receivable	7,603	3,127
Prepaid Insurance	1,234	1,168
Total Current Assets	10,405	217,612
Fixed Assets		
Equipment	1,079	1,079
Leasehold Improvements	20,000	-
Less: Accumulated Depreciation	(1,523)	(1,079)
Net Fixed Assets	19,556	-
Other Assets		
Deferred Rent	1,644	-
Right of Use Assets	161,959	-
Security Deposit	7,529	7,529
Long Term Note Receivable	766,321	571,225
Total Other Assets	937,453	578,754
Total Assets	$ 967,414	$ 796,366

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts Payable	$ 106,390	$ 30,551
Credit Cards Payable	59,091	-
Deferred Revenue	107	107
Taxes Payable	156,812	223,789
PPP Loan Payable	-	6,713
Short Term Loan Payable	-	20,000
Other Current Liabilities	8,763	9,360
Total Current Liabilities	331,163	290,520
Long Term Liabilities		
Deferred Income Tax	11,099	7,840
Loan Payable	37,484	37,039
SBA Loan Payable	199,180	191,860
Total Long Term Liabilities	247,763	236,739
Other Liabilities		
Leases Payable	163,603	-
Total Other Liabilities	163,603	-
Total Liabilities	742,529	527,259
Stockholder's Equity		
Common Stock (1,000,000 authorized, 1,000 shares issued at $1.00 per share par value)	1,000	1,000
Additional Paid In Capital	21,869	21,869
Retained Earnings	202,016	246,238
Total Stockholder's Equity	224,885	269,107
Total Liabilities And Stockholder's Equity	$ 967,414	$ 796,366

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement Of Changes In Stockholder's Equity
For the Years Ended December 31, 2021 and 2020

	Capital Stock		Additional	Retained
	Shares	Amount	Paid-In-Capital	Earnings/Deficit
Balance as of January 1, 2021	1,000	$1,000	$21,869	$246,238
Shareholder Contributions				33,399
Current Year Net Income				(77,621)
Balance as of December 31, 2021	1,000	$1,000	$21,869	$202,016

	Capital Stock		Additional	Retained
	Shares	Amount	Paid-In-Capital	Earnings/Deficit
Balance as of January 1, 2020	1,000	$1,000	$21,869	$141,073
Prior Year Adjustment (Note 11)				(20,000)
Shareholder Distribution				(78,008)
Current Year Net Income				203,173
Balance as of December 31, 2020	1,000	$1,000	$21,869	$246,238

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement of Income
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenue		
Initial Franchise Fees	$ 45,000	$ 210,000
Other Franchise Fees	614,047	490,428
Total Revenue	659,047	700,428
Cost Of Goods Sold	112,552	172,873
Gross Profit	546,495	344,928
Operating Expenses		
Amortization	19,051	-
Automobile Expenses	38,792	23,463
Bank Fees	964	839
Commissions	27,566	30,813
Depreciation	444	-
Donations	1,000	1,000
Dues & Subscriptions	516	1,984
Insurance	7,231	5,749
Janitorial	4,654	1,600
Licenses & Permits	125	425
Legal Fees	101,864	27,148
Marketing & Advertising	32,174	415
Meals & Entertainment	13,346	194
Merchant Account Fees	11,288	9,713
Office Supplies	4,112	5,827
Outside Contractors	3,767	600
Payroll Tax	11,123	16,124
Payroll Fees	1,048	930
Penalties	350	937
Professional Fees	17,625	11,600
Rent	91,440	66,086
Repairs And Maintenance	8,838	-
Software	-	7,348
Storage	4,000	-
Supplies	4,718	1,068
Travel	45,080	3,015
Utilities	140	-
Wages & Salaries	141,191	36,989
Total Operating Expenses	592,447	253,867
Net Operating Income (Loss)	(45,952)	324,754
Other Income & (Expense)		
Bank Interest Income	3	2
PPP Loan Forgiveness	6,713	
Interest Expense	(38,385)	(24,677)
Total Other Income & Expense	(31,669)	(24,675)
Income Before Income Tax	(77,621)	300,079
Income Tax	-	(96,906)
Net Income (Loss)	$ (77,621)	$ 203,173

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Net Income (Loss)	$ (77,621)	$ 203,173
Adjustments To Reconcile Net Income To Net Cash Provided By Operations		
(Increase) Decrease In Accounts Receivable	(4,476)	(1,645)
(Increase) Decrease In Depreciation	444	-
(Increase) Decrease In Prepaid Insurance	(66)	(1,168)
Increase (Decrease) In Accounts Payable	75,839	(29,466)
Increase (Decrease) In Credit Cards Payable	59,091	-
Increase (Decrease) In Taxes Payable	(66,977)	95,148
Increase (Decrease) In Deferred Revenue	-	63
Increase (Decrease) In Deferred Income Tax	3,259	7,840
Increase (Decrease) In Other Current Liabilities	(597)	(42,070)
Net Cash Provided (Used In) Operating Activities	(11,104)	231,875
Cash Flows From Investing Activities		
Purchase Of Property & Equipment	(20,000)	-
Net Cash Provided (Used) By Investing Activities	(20,000)	-
Cash Flows From Financing Activities		
(Increase) Decrease In Loans Receivable	(195,096)	(252,530)
Increase (Decrease) In Loans Payable	(19,555)	57,039
Increase (Decrease) In SBA Loan Payable	7,320	191,860
Increase (Decrease) In PPP Loan Payable	(6,713)	6,713
Stockholder Distributions Paid	33,399	(78,008)
Beginning Equity Adjustment	-	(20,000)
Net Cash Provided By Financing Activities	(180,645)	(94,926)
Net Increase (Decrease) In Cash	(211,749)	136,949
Cash At Beginning Of Year	213,317	76,368
Cash At End Of Year	$ 1,568	$ 213,317
Cash Paid For Interest	14,633	7,526
Cash Paid For Income Tax	$ 76,823	$ -

See accompanying notes and independent accountant's audit report

SMTF FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SMTF Franchising, Inc. (SMTF) offers franchising opportunities which allow franchisees to use the Self Made Training Facility brand to develop professional coaching services to private clients. Franchisees operate training facilities which emphasize on health and exercise as well as selling apparel and related supplements. As of December 31, 2021 SMTF Franchising, Inc. had 21 franchises spread across California, Arizona, Nevada, Ohio, Florida and Texas.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Revenue Recognition

Effective January 1, 2020, SMTF Franchising, Inc. adopted FASB ASC 606 Revenue from Contracts with Customers. Management has determined that all Initial Franchise Fee revenue received in 2021 was received as compensation for preopening services described in Financial Accounting Standards Update No. 2021-02 as distinct from the franchise license. Accordingly, all Initial Franchise Fee revenue has been recognized. Other Franchise Fee revenue is recognized on a monthly basis at the time the related services are rendered. Fees are due and payable at the beginning of the month for services rendered the previous month. In accordance with FASB ASC 606 fees are recognized as the related performance obligations are satisfied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

SMTF Franchising, Inc. is a C-Corporation and is liable for Federal and State income taxes. Corporate Income Tax returns generally remain subject to examination by the Internal Revenue Services and California Franchise Tax Board for three and four years respectively, after they are filed.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Fair Value of Financial Instruments

SMTF Franchising, Inc. believes the carrying value of instruments approximates the fair value, due to their short-term nature. Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accruals.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, SMTF Franchising, Inc. considers its cash accounts and liquid investments available upon demand to be cash equivalents.

Depreciation and Amortization

SMTF's property and equipment are stated at cost at the date of acquisition. Assets are depreciated using the straight-line method over the estimated useful lives of the related asset estimated at 5, 7 or 15 years.

NOTE 2 – CONCENTRATION OF RISK

Substantially all of the Company's cash are deposited with major financial institutions. At times during the year the cash balance exceeded the Federal Deposit Insurance limit of $250,000. These amounts are at relatively greater risk should the financial institution fail. At December 31, 2021, the Company had $0 of uninsured balances at these institutions.

NOTE 3 – DEFERRED REVENUE

Deferred revenue represents management's estimate of revenue collected but not earned as of December 31, 2021. SMTF Franchising, Inc.'s policy is to collect franchise fees as they are earned. Deferred revenue of $44 was collected in 2019 for 2020 and $63 was collected in 2020 for 2021. Total balance of deferred revenue as of December 31, 2021 was $107.

NOTE 4 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:

	2021	2020
Income Taxes	76,823	-

NOTE 5 – LEASES

Effective January 1, 2021, SMTF Franchising, Inc., adopted FASB ASC 842, Leases, which requires lessees to recognize a right-of-use asset and a lease liability for all leases, including operating leases.

Facility Lease

SMTF Franchising, Inc. leases its facility located at 42265 Winchester Road, Temecula, California, which has been determined to be an operating lease as specified by FASB ASC 842-10-5-3. Operating leases recognize a single lease cost representing the straight-line allocation of the remaining cost of the lease over the remaining lease term, measured at the present value of the remaining lease payments. As the rate is not readily determinable, a discount rate of 5% has been used for calculation of the present value of remaining lease payments.

In 2020 due to COVID-19 rent payments for April, May and June were deferred. Per agreement with landlord, deferred rent of $42,550 is to be paid back monthly at the amount of $1,150 over the remaining 37 months of the lease. If the lease is terminated for any reason by either party the deferred rent becomes due and payable immediately. Future minimum lease payments required under the lease as of December 31 are as follows:

	2021	2020
2021	-	91,440
2022	93,606	93,606
2023	55,434	55,434
	149,040	240,480

As of December 31, 2021, the corresponding assets and liabilities are as follows:

Right-of-use asset	$101,599
Deferred Rent	1,643
Lease Payable	103,242

NOTE 5 – LEASES Continued

Vehicle Lease

SMTF Franchising, Inc. leases a vehicle, which has been determined to be a finance lease as specified by FASB ASC 842-10-25-2. Finance leases recognize amortization of the right-of-use asset and interest expense related to the lease liability. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. As the rate is not determinable in this lease, a discount rate of 5% has been used for calculation of the present value.

In 2019, SMTF Franchising, Inc. entered into a 60-month lease of a 2017 Mercedes G550 Squared. Upon completion of the lease, the vehicle is expected to have an $85,000 residual value, based on an average of 5,000 miles driven per year, at which point, SMTF Franchising, Inc. has the option to purchase the vehicle. Future minimum lease payments are as follows:

	2021
2022	22,284
2023	22,284
2024	20,427
	64,995

As of December 31, 2021, the corresponding assets, liabilities, and expenses are as follows:

Right-of-use asset	$60,360
Lease Payable	60,360
Amortization Expense	19,051
Accrued Interest	3,233

NOTE 6 - CONCENTRATIONS

SMTF's franchisee businesses are located primarily in the State of California. As such the Company is vulnerable to any adverse conditions that may befall that geographic region.

NOTE 7 – SHORT TERM LOAN PAYABLE

Paycheck Protection Program Loan

The Paycheck Protection Program (PPP) Loan, funded on April 23, 2020, was in the form of a Note issued by SMTF Franchising, Inc. for $6,667, had an interest at a rate of 1% per annum, payable monthly. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. On January 7, 2021 this loan was forgiven, along with interest in the amount of $46. Total loan balance on December 31, 2021 was $0.

NOTE 8 – LONG TERM LOANS PAYABLE

OnDeck Loan Payable

SMTF Franchising, Inc. acquired a Line of Credit in the amount of $20,000 with an applicable APR of 55% from OnDeck in 2019. In 2020, the company borrowed an additional $12,000 from this Line of Credit. Due to COVID-19, payments for April through September were deferred and only interest payments were made in October through December months. Total loan balance as of December 31, 2020 was $37,039, including $9,699 accrued interest as of that date. Total interest paid in 2020 was $4,826.

In 2021, only interest payments were made. The total loan balance as of December 31, 2021 was $37,483.99, including $444.95 of accrued interest. Total interest paid in 2021 was $14,633.20

Small Business Administration Loan

SMTF Franchising, Inc. acquired a Small Business Administration (SBA) Loan on April 18, 2020 in the amount of $186,900. This loan matures on April 18, 2050 and bears an annual interest rate of 3.75%. The company must make interest and principal payments in the amount of $911 commencing on October 18, 2022. Payments will be first applied to interest accrued to date and then principal. SMTF Franchising, Inc. may prepay this note in part or in full at any time, without notice and penalty. As of December 31, 2021, total balance of this loan was $199,180. SBA loans over $25,000 require borrower to grant a continuing security interest in and to any and all Collateral to secure payment and performance of all debts, liabilities and obligations to SBA without limitation, including but not limited to all interest, other fees and expenses. Collateral includes inventory, equipment, promissory notes, letter of credit rights, receivables, deposit accounts and other assets.

NOTE 9 – INCOME TAX PAYABLE

As of December 31, 2021, SMTF, Franchising, Inc's liability for prior years' income taxes amounted to $156,812. The breakdown of balance due is as follows:

Year	Federal	California
2016	46,407	
2018	14,069	51,873
2019	-	1,048
2020	21,671	21,744
	82,147	74,665

NOTE 10 – RELATED PARTY TRANSACTIONS

SMTF Franchising, Inc. has non-interest-bearing notes receivable with related companies which are also owned by Miguel Aguilar. As of December 31 balances of these receivables were as follows:

	2021	2020
Self Made Family	190,206	167,322
Self Made Real Estate	14,004	14,004
Self Made Training Facility	378,193	356,342
Kollusion Fitness Products, Inc.	183,918	33,557
	$ 766,321	$ 571,225

NOTE 11 – PRIOR-PERIOD ADJUSTMENTS

A prior period adjustment was made to Retained Earnings in the amount of $20,000 in 2020. This correction increased current liabilities by $20,000 for a loan payable to Edmund Thepi that was taken out in 2016 to help pay for equipment at Mission Bay location which was owned by Miguel Aguilar at that time. This was a non-interest bearing loan which was repaid on March 22, 2021.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 8, 2022, the date on which the financial statements were issued. In early 2020 a worldwide pandemic occurred. As a result, many of the company's franchisee gyms were ordered by government authorities to either close, or their operations were restricted for various periods of time.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition and future results of operations. Given the daily evolution of the COVID-19 outbreak and the global responses to reduce its spread, it is not possible to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the near future.

SMTF FRANCHISING, INC

Comparative Financial Statements
December 31, 2020 and 2019

DANIEL S. VENNE

CERTIFIED PUBLIC ACCOUNTANT
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Temecula, CA 92590
(951)694-1986 FAX(951)694-3651
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SMTF Franchising, Inc.
Temecula, California

Report on the financial Statements

We have audited the accompanying financial statements of SMTF Franchising, Inc. which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMTF Franchising, Inc., as of December 31, 2020 and 2019, 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.

Temecula, CA

May 11, 2021

SMTF Franchising, Inc.
Balance Sheet
As of December 31, 2020 and 2019

ASSETS

	2020	2019
Current Assets		
Cash & Cash Equivalents	$ 213,317	$ 76,368
Accounts Receivable	3,127	1,482
Prepaid Insurance	1,168	-
Total Current Assets	217,612	77,850
Fixed Assets		
Equipment	1,079	1,079
Less: Accumulated Depreciation	(1,079)	(1,079)
Net Fixed Assets	-	-
Other Assets		
Security Deposit	7,529	7,529
Long Term Note Receivable	571,225	318,695
Total Other Assets	578,754	326,224
Total Assets	$ 796,366	$ 404,074

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts Payable	$ 30,551	$ 60,017
Deferred Revenue	107	44
Taxes Payable	223,789	128,641
PPP Loan Payable	6,713	-
Short Term Loan Payable	20,000	-
Other Current Liabilities	9,360	51,430
Total Current Liabilities	290,520	240,132
Long Term Liabilities		
Deferred Income Tax	7,840	-
Loan Payable	37,039	-
SBA Loan Payable	191,860	-
Total Long Term Liabilities	236,739	-
Total Liabilities	527,259	240,132
Stockholder's Equity		
Common Stock (1,000,000 authorized, 1,000 shares issued at $1.00 per share par value)	1,000	1,000
Additional Paid In Capital	21,869	21,869
Retained Earnings	246,238	141,073
Total Stockholder's Equity	269,107	163,942
Total Liabilities And Stockholder's Equity	$ 796,366	$ 404,074

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement Of Changes In Stockholder's Equity
For the Years Ended December 31, 2020 and 2019

	Capital Stock		Additional	Retained
	Shares	Amount	Paid-In-Capital	Earnings/Deficit
Balance as of January 1, 2020	1,000	$1,000	$21,869	$141,073
Prior Year Adjustment (Note 11)				(20,000)
Shareholder Distribution				(78,008)
Current Year Net Income				203,173
Balance as of December 31, 2020	1,000	$1,000	$21,869	$246,238

	Capital Stock		Additional	Retained
	Shares	Amount	Paid-In-Capital	Earnings/Deficit
Balance as of January 1, 2019	1,000	$1,000	$21,869	$234,642
Cash Adjustment (Note 11)				(13,522)
Prior Year Federal Tax (Note 11)				(25,067)
Prior Year State Tax (Note 11)				(41,386)
Shareholder Distribution				(2,500)
Current Year Net Loss				(11,094)
Balance as of December 31, 2019	1,000	$1,000	$21,869	$141,073

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement of Income
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Initial Franchise Fees	$ 210,000	$ 45,000
Other Franchise Fees	490,428	472,801
Total Revenue	700,428	517,801
Cost Of Goods Sold	121,807	172,873
Gross Profit	578,621	344,928
Operating Expenses		
Automobile Expenses	23,463	11,044
Bank Fees	839	1,875
Commissions	30,813	11,000
Donations	1,000	250
Dues & Subscriptions	1,984	7,828
Insurance	5,749	2,659
Janitorial	1,600	-
Licenses & Permits	425	7,274
Legal Fees	27,148	9,352
Marketing & Advertising	415	30,285
Meals & Entertainment	194	5,097
Merchant Account Fees	9,713	9,650
Office Supplies	5,827	1,971
Other Business Expenses	-	619
Outside Contractors	600	3,480
Payroll Tax	16,124	8,974
Payroll Fees	930	-
Penalties	937	1,006
Professional Fees	11,600	17,468
Rent	66,086	82,923
Repairs And Maintenance	-	3,642
Software	7,348	16,262
Supplies	1,068	-
Travel	3,015	9,790
Vehicle Lease	-	78,800
Wages & Salaries	36,989	26,230
Total Operating Expenses	253,867	347,479
Net Operating Income (Loss)	324,754	(2,551)
Other Income & (Expense)		
Bank Interest Income	2	
Interest Expense	(24,677)	(7,743)
Total Other Income & Expense	(24,675)	(7,743)
Income Before Income Tax	300,079	(10,294)
Income Tax	(96,906)	(800)
Net Income (Loss)	$ 203,173	$ (11,094)

See accompanying notes and independent accountant's audit report

SMTF Franchising, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Net Income (Loss)	$ 203,173	$ (11,094)
Adjustments To Reconcile Net Income To Net Cash Provided By Operations		
(Increase) Decrease In Accounts Receivable	(1,645)	2,433
(Increase) Decrease In Security Deposit	-	(7,529)
(Increase) Decrease In Prepaid Insurance	(1,168)	-
Increase (Decrease) In Accounts Payable	(29,466)	20,522
Increase (Decrease) In Taxes Payable	95,148	46,541
Increase (Decrease) In Deferred Revenue	63	44
Increase (Decrease) In Deferred Income Tax	7,840	-
Increase (Decrease) In Other Current Liabilities	(42,070)	51,430
Net Cash Provided (Used In) Operating Activities	231,875	102,347
Cash Flows From Investing Activities		
Purchase Of Property & Equipment	-	-
Net Cash Provided (Used) By Investing Activities	-	-
Cash Flows From Financing Activities		
(Increase) Decrease In Loans Receivable	(252,530)	6,069
Increase (Decrease) In Loans Payable	57,039	-
Increase (Decrease) In SBS Loan Payable	191,860	-
Increase (Decrease) In PPP Loan Payable	6,713	-
Stockholder Distributions Paid	(78,008)	(2,500)
Beginning Equity Adjustment	(20,000)	(79,975)
Net Cash Provided By Financing Activities	(94,926)	(76,406)
Net Increase (Decrease) In Cash	136,949	25,941
Cash At Beginning Of Year	76,368	50,427
Cash At End Of Year	$ 213,317	$ 76,368
Cash Paid For Interest	7,526	7,142
Cash Paid For Income Tax	$ -	$ -

See accompanying notes and independent accountant's audit report

SMTF FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SMTF Franchising, Inc. (SMTF) offers franchising opportunities which allow franchisees to use the Self Made Training Facility brand to develop professional coaching services to private clients. Franchisees operate training facilities which emphasize on health and exercise as well as selling apparel and related supplements. As of December 31, 2020 SMTF Franchising, Inc. had 17 franchises spread across California, Arizona, Nevada, Ohio, Florida and Texas.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Revenue Recognition

Effective January 1, 2020 SMTF Franchising, Inc. adopted FASB ASC 606 Revenue from Contracts with Customers. Management has determined that all Initial Franchise Fee revenue received in 2020 was received as compensation for preopening services described in Financial Accounting Standards Update No. 2021-02 as distinct from the franchise license. Accordingly, all Initial Franchise Fee revenue has been recognized. Other Franchise Fee revenue is recognized on a monthly basis at the time the related services are rendered. Fees are due and payable at the beginning of the month for services rendered the previous month. In accordance with FASB ASC 606 fees are recognized as the related performance obligations are satisfied.

In 2019 SMTF Franchising Inc. recognized franchise fee revenue at the time the related fees were earned. SMTF Franchising, Inc. has adopted the modified retrospective transition approach provided in FASB ASC 606-10-65-1. Accordingly, comparative periods prior to initial application on January 1, 2020 have not been restated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

SMTF Franchising, Inc. is a C-Corporation and is liable for Federal and State income taxes. Corporate Income Tax returns generally remain subject to examination by the Internal Revenue Services and California Franchise Tax Board for three and four years respectively, after they are filed.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Fair Value of Financial Instruments

SMTF Franchising, Inc. believes the carrying value of instruments approximates the fair value, due to their short-term nature. Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accruals.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, SMTF Franchising, Inc. considers its cash accounts and liquid investments available upon demand to be cash equivalents.

Depreciation and Amortization

SMTF's property and equipment are stated at cost at the date of acquisition. Assets are depreciated using the straight line method over the estimated useful lives of the related asset estimated at 5 or 7 years.

NOTE 2 – CONCENTRATION OF RISK

Substantially all of the Company's cash are deposited with major financial institutions. At times during the year the cash balance exceeded the Federal Deposit Insurance limit of $250,000. These amounts are at relatively greater risk should the financial institution fail. At December 31, 2020, the Company had $0 of uninsured balances at these institutions.

NOTE 3 – DEFERRED REVENUE

Deferred revenue represents management's estimate of revenue collected but not earned as of December 31, 2020. The SMTF's policy is to collect franchise fees as they are earned. Deferred revenue of $44 was collected in 2019 for 2020 and $63 was collected in 2020 for 2021. Total balance of deferred revenue as of December 31, 2020 was $107.

NOTE 4 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:

	2020	2019
Income Taxes	-	-

NOTE 5 – LEASES

SMTF leases its facility located at 42265 Winchester Road, Temecula, California. In 2020 due to COVID-19 rent payments for April, May and June were deferred. Per agreement with landlord, deferred rent of $42,550 is to be paid back monthly at the amount of $1,150 over the remaining 37 months of the lease. If the lease is terminated for any reason by either party the deferred rent becomes due and payable immediately. Future minimum lease payments required under the lease as of December 31 were as follows:

	2020	2019
2020	-	84,960
2021	91,440	87,058
2022	93,606	89,218
2023	55,434	52,981
	240,480	314,217

NOTE 6 - CONCENTRATIONS

SMTF's franchisee businesses are located primarily in the State of California. As such the Company is vulnerable to any adverse conditions that may befall that geographic region.

NOTE 7 – SHORT TERM LOAN PAYABLE

Paycheck Protection Program Loan

The Paycheck Protection Program (PPP) Loan, funded on April 23, 2020, was in the form of a Note issued by SMTF Franchising, Inc. for $6,667, had an interest at a rate of 1% per annum, payable monthly. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. On January 7, 2021 this loan was forgiven, along with interest in the amount of $46. Total loan balance on December 31, 2020 was $6,713.

NOTE 8 – LONG TERM LOANS PAYABLE

OnDeck Loan Payable

SMTF Franchising, Inc. had acquired a Line of Credit in the amount of $20,000 with an applicable APR of 55% from OnDeck in 2019. Total balance of this loan as of December 31, 2019 was $19,569 which was due within the next 12 months. Total interest paid in 2019 for this Line of Credit was $7,142.

In 2020 the company has taken out an additional $12,000 loan from this Line of Credit. Due to COVID-19 payments for April through September were deferred, and only interest payments were made in October through December months. Total loan balance as of December 31, 2020 was $37,039, including $9,699 accrued interest as of that date. Total interest paid in 2020 was $4,826.

Small Business Administration Loan

SMTF Franchising, Inc. acquired a Small Business Administration (SBA) Loan on April 18, 2020 in the amount of $186,900. This loan matures on April 18, 2050 and bears an annual interest rate of 3.75%. The company must make interest and principal payments in the amount of $911 commencing on April 18, 2022. Payments will be first applied to interest accrued to date and then principal. SMTF Franchising, Inc. may prepay this note in part or in full at any time, without notice and penalty. As of December 31, 2020, total balance of this loan was $191,860. SBA loans over $25,000 require borrower to grant a continuing security interest in and to any and all Collateral to secure payment and performance of all debts, liabilities and obligations to SBA without limitation, including but not limited to all interest, other fees and expenses. Collateral includes inventory, equipment, promissory notes, letter of credit rights, receivables, deposit accounts and other assets.

NOTE 9 – INCOME TAX PAYABLE

As of December 31, 2020 SMTF, Franchising, Inc. liability for prior years' income taxes amounted to $223,789. Break down of balance due is as follows:

Year	Federal	California
2017	-	1,380
2018	80,769	45,576
2019	-	916
2020	65,159	29,989
	145,928	77,861

NOTE 10 – RELATED PARTY TRANSACTIONS

SMTF Franchising, Inc. has non-interest-bearing notes receivable with related companies which are also owned by Miguel Aguilar. As of December 31 balances of these receivables were as follows:

	2020	2019
Self Made Family	167,322	27,040
Self Made Real Estate	14,004	3,770
Self Made Training Facility	356,342	287,885
Kollusion	33,557	-
	$ 571,225	$ 318,695

SMTF Franchising, Inc. had a non-interest-bearing note payable with a related company which is also owned by Miguel Aguilar. As of December 31 balance of this payable was as follows:

	2020	2019
Kollusion	-	27,695
	$ -	$ 27,695

NOTE 11 – PRIOR-PERIOD ADJUSTMENTS

A prior period adjustment has been made to Retained Earnings in the amount of $20,000 in 2020. This correction increased current liabilities by $20,000 for a loan payable to Edmund Thepi that was taken out in 2016 to help pay for equipment at Mission Bay location which was owned by Miguel Aguilar at that time. This was a non interest bearing loan which was repaid on March 22, 2021.

NOTE 11 – PRIOR-PERIOD ADJUSTMENTS – CONTINUED

A prior period adjustment was made to Retained Earnings in the amount of $79,975 in 2019. An estimate of the income tax effect of this adjustment cannot be made. This correction decreased an overstated cash balance by $13,522 as per reconciled bank account balance. And increased income tax liability by $66,453 to report actual balances as of December 31, 2018. Of this amount Federal income tax liability adjustment was $25,067, and California tax liability was $41,386. Since these taxes had not been paid as of December 31, 2020 any income tax effect will be realized in future years.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2021, the date on which the financial statements were issued. In early 2020 a worldwide pandemic occurred. As a result, many of the company's franchisee gyms were ordered by the government authorities to either close, or their operations were restricted for various periods of time.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition and future results of operations. Given the daily evolution of the COVID-19 outbreak and the global responses to reduce its spread, it is not possible to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the near future.

EXHIBIT B

FRANCHISE AGREEMENT

SELF MADE TRAINING FACILITY, INC.

FRANCHISE AGREEMENT

SELF MADE TRAINING FACILITY
FRANCHISE AGREEMENT
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EXHIBITS

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EXHIBIT B – PERSONAL GUARANTY OF FRANCHISE AGREEMENT
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Franchise Agreement

This Franchise Agreement (this "Agreement"), dated _____, 20__, is between SMTF Franchising, Inc., a California corporation, with its address at 42265 Winchester Road, Temecula, California 92590 ("Franchisor") and the Franchisee identified in Section 1, below.

Initial Terms

1. Franchisee Name: _____
2. Franchisee Address: _____
3. Agreement Start Date: _____
4. Initial End Date (seventh anniversary of start date): _____ (the "Term")
5. Facility Address: _____
   (fill in address on signing, if known, or after address is determined)
   _____ ("Facility Location").
6. Territory (Sec. 9.2): _____
7. Other terms: _____
8. These Sections 1 - 8, together with the accompanying pages containing Sections 9 through 31.16 and Exhibits A and B, form the Franchise Agreement agreed to between the parties.

Franchisee	Franchisor
_____	SMTF Franchising, Inc., a California corporation
Signed _____	Signed _____
Printed name _____	Printed Name _____
Title _____	Title _____

RECITALS

Franchisor developed and is continuing to develop unique, proprietary methods and programs for operating a private health, exercise and fitness training facility, offering its services on a private basis to a strictly limited number of professional trainers who may use the Facility in service to their clients, all operating under a unique and proprietary system (the "Self Made System"). The Self Made System uses Franchisor's methods, trade secrets, trademarks, copyrighted materials and other intellectual property of Franchisor. Franchisee wants to develop and operate a Facility using the Self Made System. Franchisor is willing to permit Franchisee to do so, on the terms in this Agreement. Accordingly, the parties have agreed as follows:

AGREEMENT

9. *Grant of License*.

9.1. *Grant*. Franchisor grants to Franchisee a non-exclusive, limited license to operate one health, exercise and fitness training facility ("Facility") according to the Self Made System and in compliance with the Self Made Manual, at the location stated in Section 5 (the "Facility Location"), and to use the Trademarks (defined in Section 12.1) and Copyrighted Works (defined in Section 12.1) in operating the Facility during the Term of this Agreement, unless sooner terminated pursuant to this Agreement.

9.2. *Limited Exclusivity*. While Franchisee is in full compliance with this Agreement and subject to the limitations in Sections 9.3 and 9.4, Franchisor shall not operate or grant any other person or entity the right to operate a Self Made Training Facility in the geographic area identified or described in Section 6 (the "Territory").

9.3. *Other Limits*. Franchisor reserves the right directly and indirectly, itself and through others, to establish, own and/or operate, and grant licenses or franchises to others to establish own and/or operate: (a) Self Made Training Facilities, anywhere at the outside edge of or elsewhere outside the Territory; (b) outside or inside the Territory, gymnasiums, fitness centers and other facilities using the Trademarks or other trademarks at any location open to the general public; and/or (c) outside or inside the Territory, gymnasiums, fitness centers and other facilities using the Trademarks or other trademarks, within airports, amusement parks, hotels, housing complexes, school campuses, military bases, business parks and other locations that serve principally the general population of those structures or facilities rather than the general public, and/or (d) outside or inside the Territory, temporary facilities of any kind and nature, using the Trademarks or other trademarks, at fairs, conventions, expositions and other events of limited duration.

9.4. *Merchandising*. Franchisor reserves the rights directly and indirectly, itself and through others, to manufacture, produce, distribute, market, license and sell products, merchandise and services identified by the Trademarks, which may include, but are not limited to clothing, equipment, snacks, foods, beverages, books and other instructional materials, consulting, and goods and services of every kind and nature, which may be offered, sold or distributed through any kinds of stores, mail order, Internet, social media or other distribution methods or channels, retail or wholesale or otherwise, inside or outside the Territory, regardless of impact to Franchisee's Facility and without compensation to Franchisee.

9.5. *Best Efforts*. Franchisee shall continuously operate Franchisee's Facility and use Franchisee's best efforts to develop and promote the business, grow sales and increase acceptance and recognition of the Trademarks and Self Made System in the community of professional exercise and fitness trainers and in other market and industry sectors that Franchisor designates from time to time.

10. *Location.*

10.1. *Location*. Franchisee shall operate the Facility at only one location, stated or to be stated in Section 5 ("Facility Location"). Franchisee shall purchase or lease facilities in Franchisee's own name. Franchisee shall be solely responsible to pay the purchase price or rent for the premises. Franchisee shall not offer, provide or deliver services or products by any other means or distribution channels other than the Facility Location.

10.2. *Criteria.* Franchisee shall propose to Franchisor premises that meet Franchisor's criteria for a Self Made Training Facility. Franchisee is responsible to assure the premises satisfy Franchisor's criteria. Before obtaining possession of a proposed location, Franchisee shall provide Franchisor in writing a description and any other information about the proposed location as Franchisor requests. Franchisor will try to inform Franchisee of its approval or disapproval of the location within fifteen (15) days after all information Franchisor requested has been provided by Franchisee. Franchisee shall not enter into a lease for a location without first obtaining Franchisor's consent to that lease.

10.3. *Proposed Lease*. Franchisee shall submit any proposed lease or proposed purchase agreement for a location for Franchisor's consent. Franchisor's consent to a lease may be conditioned on requiring any or all the following as well as other terms specified by Franchisor:

A. The term of the lease must be coterminous with this Agreement;

B. Franchisor shall have the right but not the obligation to receive an assignment of the lease during a reasonable time after termination or expiration of this Agreement;

C. The lessor shall provide Franchisor with a copy of any notice of default at the same time as it is delivered to Franchisee, and Franchisor shall have the right but no obligation, for at least 14 days, to cure the default if Franchisee fails to do so;

D. Franchisor shall have an opportunity to exercise any option or right of first refusal that Franchisee does not exercise;

E. Franchisor will have the right itself to exercise or assign Franchisor's above rights to a successor-franchisee who, at Franchisor's election, may assume the remainder of the lease and occupy and conduct the Self Made Training Facility business at the Facility Location;

F. A statement that these provisions are included for Franchisor's benefit.

10.4. *Time to Obtain Location.* After Franchisor consents to a Facility Location, its address shall be stated in Section 5. Franchisee shall obtain Franchisor's consent to, and purchase or enter into a binding lease for a Facility Location within ninety (90) days after execution of this Agreement. If Franchisee has not done so within this time, Franchisor may elect to notify Franchisee that Franchisor elects to terminate this Agreement. There shall be no refund of any fees paid.

10.5. *Plans*. Franchisor shall provide to Franchisee, at no additional charge, standard plans and specifications for design and equipping of a typical Self Made Training Facility. Franchisee shall, at Franchisee's expense, adapt these plans and specifications to the Facility Location, and submit them to Franchisor for consent at least fifteen (15) days before any proposed construction start date. Franchisee shall not sign any contract for construction, equipment, fixtures or signage or permit construction to start until receipt of Franchisor's written consent. Franchisee is responsible to obtain all building permits, occupancy permits, certifications and the like needed to construct and operate the Facility.

10.6. *Construction.* Franchisee shall construct, equip, alter, improve, remodel and upgrade the premises for the Facility at Franchisee's expense, in compliance with all laws and regulations, any lease for the premises, and with the plans and specifications approved in writing by Franchisor. Franchisee shall (a) cause any construction to be completed diligently using only first quality contractors, workmanship and materials; (b) let Franchisor and Franchisor's representatives inspect the construction and development at any times; and (c) not deviate from the plans and specifications consented to by Franchisor. Within thirty (30) days after completion of construction, Franchisee shall furnish Franchisor with a copy of the certificate of occupancy, contractor's affidavits and full and final lien waivers or receipted bills covering all labor and materials expended and used. Franchisor may elect to construct the Facility build-out on Franchisee's behalf. If Franchisor elects to do so, Franchisee shall pay Franchisor for all costs to construct and build-out the Facility.

10.7. *Signs*. Franchisee shall maintain approved signs prominently identifying the Location as "Self Made Training Facility." Franchisee shall assure that all signage conforms to Franchisor's specifications, and applicable law. Franchisee shall comply with Franchisor's requests to alter or update signage from time to time, at Franchisee's expense.

10.8. *Pre-Opening Inspection*. Franchisee shall notify Franchisor in writing at least fourteen (14) days before Franchisee proposes to start operating the Facility. Franchisor shall have the right to conduct one or more pre-opening inspections. Before starting operation of the Facility Franchisee shall comply with all requests made by Franchisor concerning the Facility. Franchisee shall not start operating the Facility until all construction is completed and Franchisee (a) obtains all licenses needed to lawfully operate the Facility; (b) provides Franchisor with certificates of insurance pursuant to Section 22.3; (c) has completed Franchisor's training; and (d) obtains Franchisor's written consent to open for business.

10.9. *Starting Operation.* Franchisee shall, in compliance with all provisions of Sections 10.1 through this Section 10.9, start operating the Facility within three hundred ten (310) days after signing this Agreement. If Franchisee does not do so within this time, Franchisor shall have the right to terminate the Agreement. There shall be no refund of any fees paid.

10.11. *Use of Location.* Franchisee shall use the Facility location only to conduct the Self Made Training Facility business and not for any other purpose or activity.

10.12. *Relocation*. Franchisee shall have no right or power to and shall not relocate the Facility from the Facility Location without Franchisor's prior written consent. If the lease for the Location ends without Franchisee's fault or if the site is condemned or becomes unusable due to disaster, Franchisor may, in its discretion, consent to relocation to premises acceptable to Franchisor. Relocation shall be at Franchisee's expense and in compliance with the provisions of Sections 10.1 - 10.3 and other applicable provisions of this Agreement.

10.13. *Consents.* Franchisor will try to inform Franchisee of consents or of withholding consents and the like whether for the proposed location, lease, construction plans and specifications or otherwise, each in a reasonable time after receiving all information requested. Consents and the like are for Franchisor's benefit and do not imply assurance of legal compliance, performance, results, at or concerning the location or any aspect of the business.

11. *Training.*

11.1. *Initial Training.* Before Franchisee starts operating at the Facility, Franchisor shall provide an initial training program to as many as two (2) personnel of Franchisee, comprised of Franchisee's principal owner and one supervisorial or managerial employee selected by Franchisee. These person(s) shall diligently take

and complete the initial training to Franchisor's satisfaction. Franchisor is not obligated to provide initial training if Franchisee or its affiliate already owns or operates a Self Made Training Facility.

11.2. *Completing Training*. If Franchisor determines that a trainee failed to attend or successfully complete initial training, Franchisor may elect to let him or her re-enroll in the next initial training. Franchisor shall have the right to terminate this Agreement if, in Franchisor's discretion, a trainee, after re-enrolling, does not successfully complete initial training. There shall be no refund of any fee paid.

11.3. *Scope*. Franchisor shall have the right to determine and vary duration, location(s), subjects covered, composition, number of trainees who may participate in, materials to be used, instruction methods, format for communication, and any and all other aspects of training programs. Training may be provided by instruction, lecture, practice, practice application, self-study, on-line, DVD or other media, at-work-training and practice, participation in delivering services, with other personnel or franchisees, testing and/or combinations of these, or other means.

11.4. *Duration*. At the time of signing this Agreement, Franchisor estimates the initial training will require approximately forty three (43) hours, involving approximately five (5) days, but may actually be less or more. Training shall occur at times and places Franchisor designates.

11.5. *Additional Training*. If Franchisee requests and Franchisor agrees to provide additional training or assistance or if Franchisor determines that Franchisee requires additional training, Franchisee shall pay Franchisor's then standard rates for each day of additional training or assistance. At the time of signing this Agreement this rate is five hundred dollars ($500) per day.

11.6. *Training and Continuing Education*. Franchisor shall have the right to charge Franchisee a monthly training and continuing education fee ("Training and Continuing Education Fee") not to exceed $500 monthly. The Training and Continuing Education Fee shall be used to train and provide continuing education to Franchisee and other personnel designated by Franchisor in a virtual setting. Franchisee shall complete all training required by Franchisor.

11.7. *Required Participation*. Franchisee and/or other supervisorial or managerial personnel selected by Franchisee, shall attend and participate in training programs, conferences, business meetings and conventions, when requested by Franchisor. Attendance shall be as and when requested by Franchisor, in person or as otherwise specified by Franchisor. If Franchisee fails to participate in any required training program, conference, business meeting or convention, Franchisee shall pay Franchisor five hundred dollars ($500) for each training, conference, business meeting or convention missed.

11.8. *Expenses*. Franchisee shall be solely responsible to pay all expenses incurred by Franchisee and Franchisee's managerial and supervisorial personnel for training (compensation, transportation, meals, lodging, other living expenses, etc.). Franchisor shall have no obligation to, and shall not, pay compensation even for services by a trainee or other attendee that is for or beneficial to Franchisor, any affiliate, or other franchisees.

11.9. *Training Staff*. To impart to Franchisee's personnel the procedures, techniques, standards and other information relating to the Self Made System, Franchisee shall conduct any trainings, meetings and other programs for non-managerial personnel of Franchisee.

11.10. *Excusing Some Training*. If Franchisee or persons affiliated with Franchisee, already completed Franchisor's training (for example, pursuant to another Franchise Agreement, or due to prior employment at another Self Made Training Facility franchise), then Franchisor shall have the right, on Franchisor's own initiative or Franchisee's request, to modify or waive some or all of Franchisee's obligations regarding

training. Franchisor is not obligated to grant a waiver or modification. A waiver or modification is not effective unless made in writing and signed by Franchisor.

11.11. *Consultation.* Franchisor will provide a phone number that Franchisee can use to contact Franchisor on a reasonable basis from time to time to make inquiries and seek guidance and support.

12. *Trademarks and Copyrights*.

12.1. *Scope*. For this Agreement "Trademarks" means "Self Made," "Self Made Training Facility," "SLFMD," the logo on the first page of this Agreement, the phrase "Where Champions are Self Made," and other trademarks, service marks, logos, slogans and commercial symbols adopted or authorized by Franchisor for use by Franchisee. For this Agreement "Copyrighted Works" means the Self Made Manual, instructional and related materials Franchisor provides to Franchisee, advertisements, promotion materials and other materials Franchisor creates, acquires or obtains licenses for, that are protected by copyright law, that Franchisor authorizes Franchisee to use in operating the Facility.

12.2. *Use*. Franchisee shall use the Trademarks and Copyrighted Works only for operation of and advertising the Self Made Training Facility, and always according to instructions, rules, procedures and restrictions Franchisor provides. Franchisee shall: (a) use only those Trademarks and Copyrighted Works designated by Franchisor from time to time; (b) use the Trademarks only in size, color, style and format and only at places and media Franchisor designates; (c) not use any Trademark with any prefix, suffix, or other modifying word, term or symbol, except as Franchisor authorizes; (d) not use any Trademark or Copyrighted Works to sell any service or goods not part of the Self Made System or in any way not authorized by Franchisor; and (e) not use the Trademarks or Copyrighted Works in any manner that may incur any obligation or debt on behalf of Franchisor.

12.3. *Other Trademarks*. Franchisee shall not display in or on the Facility, or in sales or promotion materials, advertising, stationery or elsewhere, any other trademark, logo or symbol nor use any other trademarks in operating the Facility without Franchisor's prior written consent.

12.4. *Trade Name*. Franchisee shall not use the words "Self Made" or any of the Trademarks, or any words, logos or symbols confusingly similar to any of these, in any entity name.

12.5. *Ownership*. Franchisee acknowledges that Franchisor and/or the Franchisor's affiliate is sole owner of the Trademarks and Copyrighted Works and all Franchisee's uses of and all goodwill associated with these shall benefit and be the property only of Franchisor or Franchisor's affiliate (as applicable). Franchisee shall have no right, title or interest in or to any of the Trademarks or Copyrighted Works except the limited right to use them on the terms in this Agreement. Franchisee shall not assert any claim to own any goodwill or other interest in the Trademarks or Copyrighted Works, nor represent that Franchisee acquired any ownership in any of these. Franchisee shall not dispute or impugn the validity of or Franchisor's rights in the Trademarks or Copyrighted Works.

12.6. *Independent Ownership Notices*. Franchisee shall publish and record fictitious business name registrations as required by law. Franchisee shall accompany use of the Trademarks and Copyrighted Works on signage, stationery and other materials and elsewhere with notices that Franchisor specifies, that the Facility is independently owned and operated by Franchisee, and that the Trademarks and Copyrighted Works are owned by Franchisor and used pursuant to a license from Franchisor.

12.7. *Defense of Claims*. Franchisee shall notify Franchisor immediately in writing on learning or receiving notice of any demand, claim or suit alleging infringement by Franchisee of any trademark or copyright. Subject to the condition that Franchisee used the Trademarks and Copyrighted Works in compliance with this Agreement, Franchisor shall take action that Franchisor deems appropriate to defend

and indemnify Franchisee against a claim or suit by a third party alleging Franchisee's use of a Trademark or Copyrighted Work according to the terms of this Agreement, infringes that party's trademark or copyright rights. For avoidance of doubt, and not as an exclusive limitation, Franchisor shall have no obligation to defend or indemnify Franchisee if a demand, claim or suit arises from Franchisee's use of any Trademark or Copyrighted Work not in compliance with this Agreement.

12.8. *Defense Alternatives*. Franchisor shall have the right to defend and settle a claim or suit using counsel selected by Franchisor. Franchisee shall cooperate with Franchisor in the defense and any efforts, as Franchisor may elect to make, concerning possible settlement. Franchisee shall not purport to settle or compromise any such claim or suit without Franchisor's prior written consent.

12.9. *Infringers*. Franchisee shall notify Franchisor in writing immediately on learning that any third party is or may be using any mark the same as or confusingly similar to the Trademarks or any material that appears to be copied from the Copyrighted Works, whom Franchisee believes may not be authorized to use them. Franchisor shall have the right to determine what, if any, action to take regarding that alleged use. Franchisee shall have no right to make demand or prosecute any claim against any third party concerning such use of the Trademarks or Copyrighted Works.

12.10. *Stopping, Modifying, Updating Use*. If it becomes advisable at any time, in Franchisor's discretion, to stop, modify and/or update use of any of the Trademarks or Copyrighted Works, or adopt or use one or more additional or substitute Trademarks or Copyrighted Works, Franchisee shall comply with Franchisor's requests, at Franchisee's expense. As examples, Franchisor might impose such requirements periodically for purpose of refreshing trademarks or modernizing based on current trends or other reasons.

12.11. *Improvements*. Franchisee shall be deemed to have granted to Franchisor the unrestricted, perpetual right, without charge, to use and license the use of any process, procedure, discovery, enhancement, adaptation, derivative work, modification, conceived, acquired, developed or enhanced by Franchisee concerning any aspect of the Facility, its operation, advertisement or promotion or the Self Made System ("Improvements"). This shall also include the right to include Improvements in the operations, materials and all other aspects of operating, advertising and promoting other franchised or licensed facilities, without charge. Nothing in this Section 12.11 authorizes Franchisee to make any modification to the operation of the Facility or to operate other than according to Franchisor's specifications and the Self Made Manual.

12.12. *No Challenge*. Franchisee shall not do or permit any act or thing to be done in conflict with Franchisor's rights in the Trademarks or Copyrighted Works during or after termination or expiration of this Agreement. Franchisee shall never, while this Agreement is in effect or after termination or expiration, contest or assist any person or entity to contest validity of or Franchisor's ownership of any of the Trademarks or Copyrighted Works. Franchisee shall not apply for, seek to obtain or accept registration in any of the Trademarks or Copyrighted Works. Franchisee shall sign any document that Franchisor deems necessary and requests of Franchisee to assist in protecting Franchisor's interests in the Trademarks and Copyrighted Works.

13. *Internet and Telephone*.

13.1. *Domain Name*. Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor is sole owner of the domain name www.selfmadetrainingfacility.com and other domain names as Franchisor or its affiliates may establish. Franchisee shall not register or acquire a registration for any Internet domain name or social media account in any class or category that contains the phrase "Self Made Training Facility" or any abbreviation, acronym, variation or word or phrase similar to these words and phrase. If, whether in breach of this provision or otherwise, Franchisee registers or obtains registration of such a domain name, Franchisee shall immediately assign the registration to Franchisor.

13.2. *Electronic, Social Media Marketing*. Franchisor may elect, but is not required, to develop and/or participate in internet, electronic, social and/or other new media networks, or accounts and methods that facilitate electronic or other forms of communication among Franchisor and franchisees and/or with the public. If developed, then on Franchisor's request, Franchisee shall use the network(s) and/or account(s) Franchisor develops, in compliance with standards, procedures and restrictions established by Franchisor. Subject to the condition that Franchisee is in compliance with this Agreement, Franchisor will include Franchisee on Franchisor's website with a link that visitors can click on to access Franchisee's website.

13.3. *Electronic, Social Media Management*. Franchisor shall have the sole right to conduct, restrict, prohibit, manage and/or control advertising, marketing, couponing and other promotion of the Self Made System on the internet, electronic, social and other now existing or hereafter developed media. (Present-day examples include Facebook, Twitter and Linked-in, but these examples are not exhaustive; future media, not herein identified or not now in existence, are also encompassed by this provision). Franchisee shall not establish a web site, internet listing, social media or other new media presence relating to the Facility, without Franchisor's prior written consent and/or in accordance with guidelines in the Manual. Franchisor may impose conditions to consent, such as requiring Franchisee to use a network, account, template, URL and the like established by Franchisor; to use only account(s) registered by Franchisor, or other conditions. Franchisee shall, on request from Franchisor, stop any such use or presence and/or make modifications as Franchisor requests.

13.4 *Service Transfer*. Franchisee acknowledges that confusion will occur to the public if, after expiration or termination of this Agreement, Franchisee continues using any URL, social network account, or other new media account or phone number (listed or unlisted) used by the Facility during its operation. Immediately on expiration or termination of this Agreement Franchisee shall stop using these. At Franchisor's written request Franchisee shall cause all companies providing any form of internet, social media, other new media and telephone or telephone directory service to Franchisee or the Facility to transfer to Franchisor or Franchisor's nominee, all URLs, social media and other new media accounts and service for phone numbers used or listed for the Facility. If Franchisee fails to do so, then Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do direct all such companies to make such transfers.

14. *Operations Manual*.

14.1. *Access*. Franchisor will provide Franchisee online access to the Self Made Training Facility Operations Manual (the "Manual" or "Self Made Manual").

14.2. *Contents*. The Manual may include, but need not be limited to, some or all of the, procedures, standards, policies, specifications, recommendations and matters for consideration pertaining to a Self Made Training Facility and its operation, including procedures for establishing the business, day-to-day procedures, advertising and promotion, reporting functions, programs offered, human resources guidelines, sales and pricing, accounting, recordkeeping and reporting, equipment and supplies, rules for use of the Trademarks and Copyrighted Works, and other matters Franchisor deems appropriate. Not all of these may be in the Manual. Other subjects may be in the Manual. The Manual, as modified by Franchisor from time to time, is an integral part of this Agreement and all provisions now or hereafter contained in the Manual or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement. Franchisee acknowledges that its compliance with the Manual is vitally important to Franchisor and the Self Made System and is necessary to protect Franchisor's reputation and the goodwill of the Trademarks and to maintain the uniform quality of operation throughout the Self Made System. However, while the Manual is designed to protect Franchisor's reputation and the goodwill of the Trademarks, it is not designed to control the day-to-day operation of Franchisee's business.

14.3. *Supplements*. Franchisor reserves the right to prescribe, in writing (which could also include electronically), additions to, deletions from or revisions of, the Manual ("Supplements"). References in this Agreement to the Manual shall be deemed to refer to the Manual as amended by Supplements. Franchisee shall comply with amendments to the Manual immediately on delivery of the Supplement containing the amendment.

14.4. *Following Manual and System*. Franchisee shall operate the Facility according to the Self Made System, also including the Manual, and not deviate from any element of these, nor purport to modify any aspect or element of these, without Franchisor's written consent.

14.5. *Changes*. Franchisor shall have the right to modify any elements of the Self Made System, also including the Manual, whether in response to or anticipation of changing business or market conditions, or seeking to improve operations, or other reasons. Modifications could include adding elements or programs to those described in this Agreement, removing or changing elements or programs described in this Agreement and other changes. Modifications may require Franchisee to incur costs and expenses for additional equipment, training, products, personnel or other matters. Franchisee shall, at Franchisee's expense, implement modifications as and when requested by Franchisor.

14.6. *Ownership*. Any and all copies of the Manual including but not limited to the copy made accessible to or loaned to Franchisee, and/or portions thereof, remain(s) at all times the property of Franchisor. On expiration or termination, for any reason, of this Agreement, Franchisee shall stop and refrain from accessing the Manual and shall return to Franchisor any printed portions or elements of the Manual in Franchisee's possession or control.

15. *Fees*.

15.1. *Initial Franchise Fee*. On signing this Agreement Franchisee shall pay Franchisor an initial franchise fee of fifty thousand dollars ($50,000). This initial fee is deemed to be fully earned when paid and is non-refundable, except as expressly stated in this Agreement.

15.2. *Royalty*. Franchisee shall pay Franchisor a continuing monthly royalty in the amount of seven percent (7%) of Gross Revenues (as defined below), payable on the tenth (10^{th}) day of each calendar month for the previous calendar month.

15.3. *Gross Revenues*. For this Agreement, "Gross Revenues" means the total of all revenues derived from the operation, activities, sales and existence of the Facility including revenues from trainers and any other activities, occurrences and events, sales of services, apparel and other merchandise and products, and all other revenues. Gross Revenues encompasses revenues whether cash, credit, virtual currency or otherwise; proceeds of insurance; and any other fee, commissions, rents, payments or receipts received by Franchisee related to the Facility. There is no reduction for costs or expenses of operating the Facility, collection agency or credit card or virtual currency charges, litigation costs or for federal, state, or local income taxes or business or occupation taxes. Gross Revenues excludes the amount of any state or local sales tax identified in receipts or invoices to customers and actually paid by Franchisee to the taxing agency.

15.4. *Technology Fee*. Franchisee shall pay to Franchisor each month, together with payment of the royalty, a technology fee. At the time of signing this Agreement the monthly technology fee is two hundred fifty dollars ($250). Franchisor shall have the right to increase this fee if this becomes appropriate in view of any technology developments, which could include, as examples, development or arrangements for an intranet, improved or expanded software, and/or other technology developments, improvements and enhancements.

15.5 *Software Fee*. Franchisee shall pay Franchisor each month, together with payment of the royalty and technology fees, the then-current software fee for Franchisor's proprietary software. At the time of signing this Agreement, the monthly software fee for Franchisor's proprietary software is currently nine hundred dollars ($900). Franchisor shall have the right to increase this fee on thirty (30) days' written notice to Franchisee.

15.6. *Product Purchases*. Franchisee shall pay Franchisor and Franchisor's affiliates in full and on time for all purchases of products or services received from Franchisor or Franchisor's affiliate(s). Franchisee shall adhere to any minimum purchase requirements prescribed by franchisor from time to time for products to be used or sold at the Facility.

15.7. *Late Charge*. For any amount not paid to Franchisor or Franchisor's affiliate when due, Franchisee shall pay a late charge equal to the greater of fifty dollars ($50) or one-and-one-half percent (1.5%) per month (18% per year) but not more than the maximum rate or amount allowed by law. For a payment by check or other means that is returned or dishonored, Franchisee shall also pay an administrative fee of fifty dollars ($50) plus applicable late charges. Thereafter, Franchisor shall have the right to require Franchisee to make payments by money order, cashier's check, credit card, or other means such as electronic or when applicable COD, in advance, or other similar method of advance or concurrent payment of immediately available funds. This Section is not an agreement to permit late payments or a commitment to extend credit. Failure to pay an amount as and when due is a breach of this Agreement.

15.8. *Payment.* Franchisee shall pay all amounts due to Franchisor and Franchisor's affiliates using method(s) and procedure(s) Franchisor specifies from time to time. Franchisor requires payment by automatic or electronic withdrawal. Franchisee shall execute a Direct Debit Agreement in substantially the form attached as Exhibit "A" to this Agreement. Franchisor shall have the right to require payment by check, automatic or electronic withdrawal, third party service such as PayPal or the like, or other method and procedure, and the right to require Franchisee to maintain an account at a bank or other institution or service acceptable to Franchisor, into which Franchisee shall deposit all revenues, and cooperate in arrangements to facilitate withdrawals and payments to Franchisor. This could also require Franchisee to purchase equipment and devices and facilitate access by Franchisor and receipt from customers, placement and deposit of and transfers of payments according to methods and procedures Franchisor specifies.

16. *Advertising*.

To protect the Self Made System, Trademarks, Copyrighted Works and the goodwill associated with the same:

16.1. *Grand Opening*. Franchisee shall propose for Franchisor's consent, at least sixty (60) days before opening, a grand opening promotion plan to be conducted in the period one month before opening through the initial ninety (90) days of operation. Franchisee shall budget and spend at least two thousand five hundred dollars ($2,500) on grand opening promotion. Franchisee shall revise or modify the plan as Franchisor requests. Franchisee shall implement the plan that Franchisor consents to and not implement the plan without first obtaining Franchisor's consent.

16.2. *Ongoing Advertising by Franchisee*. After the first thirty (30) days of operation, Franchisee shall expend at least Two Hundred Fifty Dollars ($250) of Gross Revenues per month on local advertising and promotion of the Facility to the community of professional trainers and persons interested in exercise, health and fitness. Franchisee shall submit written proof to Franchisor each month, with the first royalty payment that month, of Franchisee's advertising expenditures for the prior month, and specimens of advertising and promotion that Franchisee conducted.

16.3. *Submitting Proposed Advertising*. Franchisee shall submit to Franchisor at least fourteen (14) days before proposed first use, all advertising and promotion that Franchisee proposes to use which was not provided by Franchisor or previously consented to by Franchisor. This includes but is not limited to proposed print, broadcast, Internet and social media and other advertising, flyers, brochures, coupons, class schedules and descriptions, and all other forms of advertising and promotion. Franchisee shall not use any advertising or promotion without first obtaining Franchisor's written consent to that advertising or promotion.

16.4. *Advertising Compliance*. Franchisee shall assure that all advertising and promotion accurately describes the Facility's services and products. At Franchisor's request, Franchisee shall stop using, or, if Franchisor requests, modify, any advertising that Franchisor deems to be actually or potentially outdated, incorrect, misleading, unlawful, inconsistent with the then-current image Franchisor wants to present, potentially harmful to the Self Made System or Trademarks or Copyrighted Works, even if Franchisee disagrees with Franchisor's assessment and even if Franchisor's assessment is incorrect.

16.5. *Franchisor's Right to Use*. Franchisor shall have the right to use for Franchisor's own purposes and to authorize other franchisees to use, any and all advertising, marketing, materials, procedures, ideas and concepts used, developed or submitted by Franchisee, without charge or cost to Franchisor or any other franchisee.

16.6. *Advertising Costs*. Franchisor may make available advertising literature and materials for Franchisee's use. Franchisor shall have the right to charge Franchisee for these, approximately equal to Franchisor's development and other costs, also reasonable amounts for Franchisor's overhead.

16.7. *Use of Advertising*. Advertising materials provided by Franchisor for Franchisee's use shall be used only in the manner and during times specified by Franchisor.

16.8. *Directories*. Franchisee shall at Franchisee's expense maintain listings in major business, internet, phone and other directories designated by Franchisor, under categories designated by Franchisor. Franchisor shall have the right to require Franchisee to also identify other Self Made Training Facilities in these listings, at Franchisee's expense.

16.9. *Promotion Fund*. Franchisor shall have the right, but no obligation, to establish and administer an advertising and promotion fund ("Promotion Fund"). When established, Franchisee shall contribute a percentage of Franchisee's gross sales ("Promotion Fund Contribution") to the Promotion Fund. Franchisor shall have the right to designate and from time to time to modify the percentage of gross sales Franchisee must contribute, but Franchisor shall not require Franchisee to contribute at a rate greater than four percent (4%) of Franchisee's Gross Revenues. Contributions to the Promotion Fund shall be made at the same times and same manner as royalty payments provided for in Section 15.2.

(a) *Franchisor Contributions*. For each Self Made Training Facility operated by Franchisor, (or an affiliate that Franchisor controls) Franchisor shall (or in the case of an affiliate that Franchisor controls, Franchisor shall require the affiliate to) contribute to the Promotion Fund at substantially the same rate as provided in Franchise Agreements of a majority of franchisees (which will not necessarily be at the same rate or time schedule required of Franchisee in this Agreement). Franchisor shall have the right, but is not obligated, to collect and contribute to the Promotion Fund any advertising or other rebates from suppliers or others.

(b) *Uses*. The Promotion Fund, if and when established, shall be used for advertising, marketing, public relations and related purposes that Franchisor deems appropriate. As examples, the Promotion Fund could be used to pay for marketing surveys, research, production and purchasing of advertising art, commercials, musical accompaniments, point of sale materials, media advertising, outdoor advertising, direct

mail, couponing, public relations; internet communications; social media, keyword purchases, development of computer applications (sometimes called "apps"); preparing and producing video, audio and written materials; buying internet, tv, radio, magazine, billboard, newspaper and other media advertising; advertising agencies; paying or reimbursing Franchisor's or affiliates' internal expenses incurred in operating marketing or advertising departments if any, administration of the Promotion Fund, providing or selling marketing materials to franchisees or licensees, conventions and meetings for personnel of; co-branding, other arrangements where Self Made Training Facility products or services are offered with other Trademarks or through alternative distribution channels, and paying costs to account for and report on contributions, expenditures and activities of the Promotion Fund. Franchisor shall have the right to use a portion of the Promotion Fund, not to exceed 25% of the amounts collected, to solicit new franchise sales.

(c) *Promotion Materials*. After established, Franchisor may cause the Promotion Fund to develop and market promotion items. Any such items will be made available to Franchisee at a charge equal to Franchisor's or the Promotion Fund's costs, which may include reasonable allocations for overhead. Franchisee shall maintain a representative inventory of promotion items according to requirements established by Franchisor. The Promotion Fund, if established, may develop programs that include special offers and discount coupons. Franchisee shall honor all such offers and coupons. Franchisor has no obligation to reimburse Franchisee for any cost or discount related to acceptance of coupons or special offers.

(d) *Administration*. Franchisor shall have sole discretion over creative concepts, materials, media and placement of advertising and promotion funded by the Promotion Fund. Franchisor does not assure that Franchisee, or any particular franchisee, will be the subject of, or will benefit directly, pro rata or at all, from advertising or promotion funded by the Promotion Fund.

(e) *Maintenance*. Contributions to the Promotion Fund may but need not be maintained in accounts separate from Franchisor's other funds and may be commingled with Franchisor's other funds. In view of the usage, the funds contributed to the Promotion Fund are not revenue to Franchisor. Franchisor shall be deemed not to be a trustee and not to have the obligations of a trustee or other fiduciary with regard to such funds. Franchisor shall have the right to charge the Promotion Fund up to ten percent (10%) of the amount of contributions, to defray Franchisor's administrative costs and overhead associated with administering the Promotion Fund.

(f) *Timing of Expenditures*. Franchisor need not expend all Promotion Fund contributions in the year or other period when received. Franchisor shall have the right to accumulate funds to facilitate larger future expenditures, or borrow funds against anticipated future contributions.

(g) *Accounting*. After the Promotion Fund is established, an accounting of contributions and expenditures shall be prepared annually and made available to Franchisee after written request. Franchisor shall have the right but no obligation to cause accountings to include an independent audit of contributions and expenditures. Franchisor shall have the right to cause the Promotion Fund to pay for the preparation of such accounting and audit.

(h) *Termination*. Franchisor shall have the right to terminate the Promotion Fund. After electing to terminate, Franchisor shall cause all amounts in the Promotion Fund to be expended for purposes authorized for the Promotion Fund or returned in some manner to or for the benefit of Franchisee and other franchisees. Franchisor shall also have the right to restart the Promotion Fund, or a new Promotion Fund, any time after terminating it. Any new or restarted Promotion Fund shall be subject to the provisions of this Article 16.

16.10. *Regional Franchisee Marketing*. Franchisor shall have the right at any time, to establish as well as to require de-establishment, consolidation and/or reorganization of one or more local, regional or national

advertising areas in which Franchisee's Facility and at least one (1) other Self Made Training Facility are located, as cooperative advertising region(s).

(a) Participation and Contribution. Franchisee shall participate in and contribute to the cooperative according to its rules and procedures, as determined by a majority of the cooperative's members, provided that the cooperative shall not be permitted to require Franchisee to contribute at a rate exceeding three percent (3%) of Franchisee's Gross Revenues. Franchisee's contributions to the cooperative shall be additional to required contributions to the Promotion Fund, but shall be credited toward required expenditures for local advertising under Section 16.2.

(b) *Cooperative Documents*. Franchisor shall have the right to require that proposed organizational documents of the cooperative (articles of incorporation, bylaws, an operating agreement, or the like) and operating procedures be consented to by Franchisor before adoption, and before any proposed amendment. Franchisor shall have the right but no obligation, to participate in deliberations of the cooperative and to veto any decision of the cooperative that Franchisor objects to or considers detrimental to the interests of Franchisee, the cooperative or the Self Made System. Franchisor shall have the right but no obligation to require any cooperative(s) to prepare and provide Franchisor annual or periodic financial statements at their expense.

16.11. *Franchisee Advisory Council(s)*. Franchisor shall have the right to establish one or more Self Made Training Facility Regional Franchisee Advisory Councils. The purposes of the Advisory Council(s) shall be designated by Franchisor and may include, without limitation, exchanging ideas, exploring solutions to problems, and/or advising Franchisor on advertising and other operational matters. Franchisor shall have the right to designate whether and when to establish and/or dissolve any such counsel(s), area(s) encompassed, number of members or participants, and other aspects. Advisory Councils shall be advisory only unless Franchisor designates otherwise. Franchisee shall be responsible for Franchisee's expenses to participate.

16.12. *Participation*. Franchisee shall participate fully in advertising and marketing programs and promotions that Franchisor or the Promotion Fund develop and/or conduct and deem to be mandatory.

16.13. *Gift Certificates*. Franchisee shall participate in any gift certificate program Franchisor and/or the Promotion Fund establish or adopt, including but not limited to selling gift certificates and accepting gift certificates as payment for services and merchandise. Reimbursement for accepted certificates may be on a discounted basis or subject to a service charge for administration of the gift certificate program.

17. ***Standards*.**

17.1. *Compliance*. Franchisee shall comply fully with all requirements of the Self Made System, all contents of the Manual, and all instructions and requests of Franchisor.

17.2. *Best Efforts*. Franchisee (or if Franchisee is an entity, a principal of owner of Franchisee meeting the requirements in Section 17.5), shall always devote best efforts and energy to active management and operation of the Facility and to actively developing, marketing and promoting patronage and sales of the Facility.

17.3. *Operation Only at Facility Location*. Franchisee shall offer, provide and/or deliver services or products only at the Facility Location. There is no restriction on trainers who Franchisee may provide services to, provided the services to trainers shall be provided at the Facility Location.

17.4. *Scope of Services*. Franchisee shall offer for sale at the Facility all services, programs and products Franchisor designates to be offered, and shall not offer and shall discontinue offering any service, program or product that Franchisor restricts or prohibits from being offered at the Facility. By way of example,

Franchisor currently requires and may continue to require that Franchisee not hold the Facility open to the general public, and that Franchisee may make the Facility available only to professional trainers for them to provide service to their clients. Franchisee shall operate the Facility at least the minimum days and hours that Franchisor may specify from time to time, which could be as much as twenty-four (24) hours per day, every day of the year, including all holidays and weekends.

17.5. *Owner Participation*. Franchisee or if Franchisee is any form of entity, then an individual designated by Franchisee who is at least a sixty percent (60%) equity owner of the entity, and who shall be subject to consent of Franchisor, shall be responsible to actively manage and supervise the Facility and its affairs and operations and assure Franchisee's compliance with this Agreement.

17.6. *Manager*. In addition to Franchisee's active role in the operation of the Facility, Franchisee may designate one individual manager, exercising along with Franchisee, day-to-day management responsibility and on-premises supervision of the Facility. Franchisee shall inform Franchisor in writing of the identity of the proposed manager and each supervisorial or managerial successor. Within ten (10) days after the resignation, termination or other departure of a manager Franchisee shall notify Franchisor in writing and designate a successor manager. Each proposed manager shall satisfy all requirements in the Manual. Franchisee shall cause each proposed manager to attend and successfully complete Franchisor's next scheduled training for Facility managers and other training that Franchisor specifies.

17.7. *First Class Facility*. Franchisee shall maintain the Facility and all its equipment, and everything located there or associated with the Facility in first class condition. Franchisee shall assure that the Facility and all its equipment are always in good repair, clean, operational, well lit and in good working order. Franchisee shall, at its expense, repair and maintain the Facility (interior and exterior), its equipment, signs, fixtures, furnishings, supplies, materials and other tangible property at the Facility, in a high degree of cleanliness, sanitation, working order and good repair. Franchisee shall promptly replace any item which becomes worn, damaged, non-repairable, or mechanically impaired. All replacement items shall be the type, model and quality specified in the Manual.

17.8. *Private Facility*. Franchisee shall operate the Facility on a private basis, making the Facility available on a private basis to a strictly limited number of professional fitness and exercise trainers, where they can provide services to their clients. Franchisee shall not hold the Facility as being open to the public. Franchisee shall adhere to limits set by Franchisor from time to time on (a) number of trainers who may be permitted to use the Facility, and (b) number of clients whom a trainer may conduct services for at any particular time.

17.9. *Cleanliness, Courtesy*. Franchisee shall require a high standard of cleanliness, hygiene, clean grooming, neat clean clothing and appearance and courtesy from all Facility personnel. Franchisor may require Franchisee to exceed legal requirements for personnel of a health and fitness business.

17.10. *Legal Compliance*. Franchisee shall assure that Franchisee and the Facility in all its aspects and operations, comply with all applicable laws and regulations including, but not limited to, federal, state and local laws prohibiting various forms of discrimination; applicable laws pertaining to the privacy of customers, employees, and transactions information ("privacy laws"), zoning, sanitation, wages, tax collection, orders of building inspectors, fire commissioners, and other government officials.

17.11. *Government Inspections*. Franchisee shall maintain the highest level, grade and rating of cleanliness, sanitation, public safety, fire safety, health and other subjects that government agencies inspect or have the right to inspect. Franchisee shall comply with all notice requirements of these agencies. Franchisee shall notify Franchisor in writing and provide Franchisor a copy of each report within one day after receiving anything less than the highest level, grade or rating from any agency. Franchisee shall promptly correct any

condition, circumstance, practice or the like that the agency disapproves or that otherwise causes the level, grade or rating to be less than the highest level, grade or rating.

17.12. *Payments*. Franchisee shall pay when due all debts and obligations to vendors, suppliers and other third parties and all taxes, and shall maintain good relations and current accounts with all personnel, contractors, suppliers and vendors, except for amounts that are subjects of a bona fide dispute.

17.13. *Honest Dealings*. Franchisee shall deal ethically, fairly, honestly and in good faith in all dealings with customers, vendors, Franchisor and others. All trainers (and, if any, other customers of any kind or nature) shall be properly registered and their data entered fully and accurately in computerized records and otherwise in the manner designated by Franchisor; no trainer or other customer shall be permitted to use the Facility without registration. Franchisee shall not engage in transactions or activity not recorded in the books and records of the business, regardless of whether Franchisee intends or claims not to have intended to have concealed such transactions or activity from Franchisor.

17.14. *Pricing*. Unless and until Franchisor advises otherwise, Franchisee shall have discretion to determine prices Franchisee charges. If and when permitted by law, Franchisor shall have the right to set minimum or maximum prices, or both, or specific prices, or price ranges, or combinations of these. Franchisee shall comply with such minimums, maximums, specifications and ranges. Franchisor may make its determinations based on any of a range of factors, and thus does not represent that any one or more prices or ranges or suggestions by Franchisor, will increase or maximize Franchisee's revenues or profit as to an item, service or overall. Franchisee shall inform Franchisor in writing of all prices Franchisee charges for services and goods, and all revisions to prices.

17.15. *Staff*. Franchisee shall permit only individuals who have been trained, are lawfully eligible to be employed, and who meet other requirements that Franchisor may establish from time to time, to be employed and provide services at the Facility. All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the Facility, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall indemnify, defend, reimburse and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions at the Facility, including, without limitation, those relating to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees.

17.16. *Customer Contract*. Franchisee shall not use any form of written or verbal agreement for programs, events or other services to trainers (or any other customers) or enter into any written or verbal agreement in a form that has not been submitted to and consented to in writing by Franchisor. Franchisor's review and

consent is for Franchisor's benefit for the purpose of protecting Franchisor's trademarks and the Self Made System, and is not a representation that the form of agreement is lawful or will serve Franchisee's needs. Franchisor may withhold consent for any reason Franchisor deems appropriate, which may include as an example, a provision that Franchisor considers too burdensome or considers may harm the reputation of the Trademarks or Self Made System.

17.17. *Performance of Agreements*. Franchisee shall perform the terms of any agreement entered into with a customer, vendor or any other person or entity.

17.18. *No Machines*. Franchisee may install at the Facility snack dispensing machines meeting specifications established by Franchisor. Otherwise, no vending machine, automated teller machine, amusement device, pay phone, video game or other gaming or entertainment device of any nature, whether or not coin operated, shall be installed or used at the Facility without first obtaining Franchisor's written consent.

17.19. *Inspections*. Franchisor shall have the right to monitor and/or inspect any facilities, equipment, activities, events, and/or any aspects of the Facility at times Franchisor deems appropriate, with or without prior notice. To facilitate candid inspections, Franchisor shall also have the right to arrange mystery or secret shopper customers, who may use fictitious identities to request the opportunity to use the Facility's services or products. Franchisee shall cooperate in permitting Franchisor to monitor and/or inspect any and all aspects of the Facility and to interview, question and otherwise communicate with trainers, other customers, employees, vendors, landlords, and others. Franchisee shall take action that Franchisor requests to correct deficiencies and/or make improvements identified by or as a result of such inspections.

17.20. *Electronic Monitoring*. Franchisee shall install and maintain, at Franchisee's expense, a network camera monitoring system that Franchisor specifies or approves, giving Franchisor remote monitoring access at any time to observe activities from different vantage points Franchisor specifies or considers satisfactory, at the Facility Location. This monitoring is for Franchisor's benefit. Franchisor shall not have any obligation to communicate to Franchisee any aspect of what is observed or learned from such monitoring.

17.21. *Repair, Maintenance and Refurbishing*. Franchisee shall, at its expense, add and/or replace equipment, modify equipment, renovate, remodel, refurbish and otherwise conform the Facility to updating and change requirements prescribed by Franchisor, from time to time, in its equipment, layout, physical appearance, design or other aspect of the Facility ("Refurbishing"). Franchisee shall complete these actions (a) immediately upon notice for matters that Franchisor deems to concern health or safety or reputation of the Trademarks; otherwise (b) within sixty (60) days of written notice for actions Franchisor deems to be achievable within that time; and/or (c) within one hundred eighty (180) days of written notice for actions Franchisor deems to appropriate to permit such length of time. Franchisee shall be required to perform major Refurbishing once during the seven (7) year term of this Agreement, at a time established by Franchisor, and again as a condition of renewal. Franchisor reserves discretion to determine if a particular modification to the Self Made System comprises Refurbishing or is part of Franchisee's obligation to repair and maintain the Facility and/or conform to operating changes and enhancements imposed by Franchisor.

17.22. *Franchisor Right to Act*. If Franchisee fails to repair or maintain the Facility or correct any deficiency from Franchisor's requirements, or make an improvement requested by Franchisor, Franchisor shall have the right, but no obligation, without waiving the breach and/or Franchisor's other remedies, to arrange to repair or correct the deficiency or make the improvement, at Franchisee's expense. Franchisor shall have no liability to Franchisee for deficiency in or other aspect of the work performed. Franchisee shall reimburse all Franchisor's costs for such action.

17.23. *Customers.* References in this Article 17, or elsewhere in this Agreement to customers other than trainers, refer to circumstances in which other customers use the Facility, but such provisions (and this Section 17.23) do not imply that Franchisee may allow use of the Facility by any person(s) other than professional trainers.

17.24. *Authorization to Release Information and Use Images*. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect the authorization) (i) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Self Made Training Facility which Franchisor may request; (ii) Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable; (iii) Franchisor to photograph and film Franchisee, its employees, the public and all areas of the Self Made Training Facility, without further authorization from, or compensation to, Franchisee and to use such person's images for marketing and promotion of the Self Made Training Facility, and other Self Made Training Facilities; and (iv) Franchisor to disclose to third parties, including but not limited to Franchisee's landlord or bank, information about Franchisee relating to Franchisee's obligations or performance under this Agreement if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable.

18. *Suppliers and Supplies.*

18.1. *Purchasing*. Franchisor shall have the right to establish purchasing programs for equipment, products, furnishings, fixtures (collectively "Products") or services for such purposes as seeking to concentrate larger volumes of purchases to seek better: prices, costs, products, reliability of supply, distribution, ability to monitor, inventory management, or other benefits. The goal of attaining such benefits does not mean any will be achieved on particular items or services or at particular times. Franchisee's claimed or actual ability to obtain lower prices, better terms, better service, or other benefits from supplier(s) other than designated by Franchisor, does not permit Franchisee to do so outside the program(s) established by Franchisor without Franchisor's prior written consent. Whether or not Franchisee perceives that Franchisee benefits from such program in the way(s) Franchisee wants, or at all, Franchisee shall participate fully in such purchasing programs according to their terms.

18.2. *Approved Products*. Only signs, advertising, promotion material, Products and services which meet standards and specifications established by Franchisor from time to time shall be used at the Facility.

18.3. *Approved Suppliers*. Franchisor may provide to Franchisee lists of approved suppliers and distributors authorized to supply equipment, products, furnishings, fixtures and services for the Facility ("Approved Suppliers List") and lists of these that are approved for use at the Facility ("Approved Supplies List"). Franchisor may revise these lists from time to time. Franchisee shall purchase these only according to the Approved Supplies List, and only from suppliers on the Approved Suppliers List, unless Franchisor consents to Franchisee doing otherwise.

18.4. *Franchisor as Supplier.* For some or potentially all Products and services it is possible that sometimes or at all times Franchisor will designate itself or an affiliate of Franchisor as an approved supplier or the sole approved supplier, whether or not as part of a purchasing program. As examples, but not as a limitation, Franchisor could develop proprietary products or services or branded products or services, and require Franchisee to obtain these only from Franchisor or Franchisor's affiliates. Franchisor or the affiliate shall have the right to charge prices to Franchisee that include mark-ups and profit to Franchisor or the affiliate.

18.5. *Quality Standards*. All Products used in operating the Facility or for sale at the Facility which are not specifically required to be purchased according to the Approved Supplies List or Approved Suppliers List, shall conform to any specifications and quality standards Franchisor establishes from to time.

18.6. *Other Supplies and Suppliers*. If Franchisee proposes to offer for sale or use at the Facility any Product or service which is not then approved by Franchisor, or to purchase from a supplier not designated as an approved supplier, Franchisee shall first notify Franchisor in writing and request consent. Franchisee shall provide in writing the proposed supplier's name and address, description of the Product or service proposed to be purchased, and other information Franchisor requests. Examples of additional information Franchisor may request include financial, operational and economic information regarding the supplier.

18.7. *Requirements of Supplier*. Franchisor may require a proposed supplier to enter into a confidentiality agreement prescribed by Franchisor, and provide specifications for the Products or services potentially to be supplied. Franchisor may require a proposed supplier to furnish at no cost, samples, specifications and other information Franchisor specifies. Franchisor or its designee shall be permitted to inspect facilities of the proposed supplier and establish delivery terms, service and other requirements. Franchisor shall have the right to require Franchisee or the proposed supplier to pay or reimburse Franchisor's estimate of or costs and expenses for the evaluation, such as costs of travel and living third party inspection and testing agencies. Franchisor will use reasonable efforts to notify Franchisee of Franchisor's decision within a reasonable time after Franchisor's receipt of all information and items provided for in this Section.

18.8. *Supplier Compliance*. Franchisor shall have the right to require any supplier to (a) satisfy requirements regarding quality of Products and services, pricing, reliability of delivery, inventory management, insurance, indemnification and non-disclosure; (b) provide samples at no charge; (c) sell Products bearing the Trademarks only to authorized franchisees of Franchisor and only pursuant to a trademark license agreement prescribed by Franchisor; (d) provide Franchisor duplicate purchase invoices and other reports; (e) undergo periodic compliance audits by Franchisor or Franchisor's representatives; and (e) comply with other Franchisor requests.

18.9. *Withdrawal of Consent*. Franchisor shall have the right to reevaluate any Products, services or supplier and withdraw prior consent when Franchisor deems appropriate.

18.10. *Acknowledgement*. Franchisee acknowledges that goals for cost, service and consolidating purchases to increase bargaining power and seek better pricing and service, and other factors, may militate against having more than one supplier or multiple suppliers in a market. Among the factors Franchisor may consider regarding a proposed supplier are effects of consent on lowering costs and pricing, quality and uniformity of Products and services and/or impact on any purchasing program(s) and/or inventory management programs established or anticipated by Franchisor. Franchisor may determine that any Products or services shall be limited to a designated brand or brands determined by Franchisor.

18.11. *Warranty Limit*. For Products supplied by Franchisor to Franchisee, in the absence of a manufacturer's warranty, Franchisor warrants to Franchise that for a period of thirty (30) days after delivery of the Product it will meet Franchisor's specifications in material respects. WHERE A MANUFACTURER'S WARRANTY EXISTS, THEN AS TO SUCH GOODS FRANCHISOR MAKES NO WARRANTY OF ANY KIND OR NATURE AND SUCH GOODS ARE SOLD AS IS, WHERE IS WITH ALL FAULTS. Franchisor will try to pass on the manufacturer's warranty and Franchisee shall look only to the manufacturer for any claim regarding the product. Franchisor does not warrant that any product will meet Franchisee's or any purchaser's or user's particular requirements. Franchisor makes no warranty of any kind other than as expressly stated in this Section 18.11. FRANCHISOR DISCLAIMS ANY EXPRESSED OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE. THERE IS NO WARRANTY THAT EXTENDS BEYOND THE FACE HEREOF.

18.12. *Returns*. Franchisee shall have the right, within thirty (30) days after receipt of a product from Franchisor, to determine if it is defective and to return a defective product within that time. Franchisee waives all other rights to inspect for defects, reject acceptance or otherwise return a product to Franchisor.

18.13. *LIABILITY LIMIT IN EVENT OF INVALIDITY*. IF ANY OF THE WARRANTY LIMITATIONS OR EXCLUSIONS IN SECTION 18.11 OR ELSEWHERE OR LIMITATIONS OF LIABILITY IN SECTION 22.11 OR ELSEWHERE, OR ANY PART, IS OR BECOMES INVALID OR UNENFORCEABLE, THEN AND IN ANY EVENT FRANCHISOR'S LIABILITY SHALL NOT EXCEED THE AMOUNT PAID BY FRANCHISEE TO FRANCHISOR OR FRANCHISOR'S AFFILIATE FOR THE APPLICABLE PRODUCT FOR WHICH THE CLAIM IS MADE.

19. *Additional Services.*

19.1. *Product Sales*. Franchisor will designate certain categories of products and particular products that Franchisee shall offer for sale at the Facility. These may include but are not limited to apparel, supplements, snacks, water, books and recordings. Franchisor may elect to designate only limited categories or particular brands of items. Franchisor may elect, for some or all categories, not to designate any item. Franchisee shall obtain products only from Franchisor or suppliers approved by Franchisor as provided in Sections 18.3 and 18.4.

19.2. *Proprietary Elements*. Franchisor shall have the right to require that all or certain categories of products authorized for sale from the Facility bear the Trademarks, or include or consist of proprietary products, or meet other specifications established by Franchisor.

19.3. *Non-Proprietary Products*. Franchisor shall have the right to designate products, equipment, supplies, services packaging, forms, software, modems and peripheral equipment and other products and equipment, other than branded products or proprietary products authorized for sale, which Franchisee must use at the Facility. Franchisor shall have the right to require Franchisee to obtain any or all of these from Franchisor or approved suppliers. Franchisee shall pay all fees, charges and costs in doing so.

19.4. *Restriction on Sale*. Franchisee may use, offer or sell only services and products that Franchisor expressly authorizes, and that are obtained from Franchisor or suppliers approved by Franchisor pursuant to Sections 18.3 and 18.4. Franchisor shall provide, from time to time, price lists showing Franchisor's charges for such items and Franchisor's suggested resale prices.

19.5. *Ending Consent*. Franchisor shall have the right to discontinue authorization, approval and/or consent for the sale of any particular services or products or categories of services or products at any time.

19.6. *Effect of Agreement Ending*. Following expiration or termination of this Agreement, or in the event of breach by Franchisee, Franchisor shall not be obligated to fill or ship any order then pending nor to accept any further order from Franchisee.

20. *Trade Secret Protection.*

20.1. *Scope and Ownership*. Franchisor developed, possesses and will develop more confidential information consisting of procedures and steps to develop a first class fitness and exercise training facility emphasizing services to professional trainers, information on locating the facility and on equipment, programs, pricing, promotion materials and marketing and business methods, advertising concepts and procedures for operating Self Made Training Facilities and franchises. The confidential information also includes negative information on actions that are not effective, equipment not to use and other negative information. There is also additional confidential information about other aspects of their development and operation. All of these, the contents of the Manual, customer and operational information and data and other

information generated from the operation of the business are agreed and acknowledged to constitute, and are referred to as, "Trade Secrets."

20.2. *Source*. Franchisor will disclose certain Trade Secrets to Franchisee in lending or providing Franchisee access to the Manual, providing standard plans for the Facility, performing other obligations and exercising rights under this Agreement. Franchisee acknowledges that Franchisee's knowledge of all material aspects of a Self Made Training Facility will come from Trade Secrets that Franchisor will disclose to Franchisee.

20.3. *Ownership Acknowledgments*. Franchisee acknowledges that the Trade Secrets are proprietary, confidential information of Franchisor, having economic value to Franchisor, in part because they are not known to the public, competitors or others. Franchisee shall acquire no interest in the Trade Secrets, other than the right to use them in developing and operating the Facility during the term of this Agreement. By way of illustration, Franchisor shall be deemed to own all customer data arising from the operation of the business, including but not limited to contact and patronage information and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the Self Made Facility.

20.4. *Protecting Confidentiality*. Franchisee shall maintain confidentiality of the Trade Secrets during and after the term of this Agreement. Franchisee shall not use any Trade Secrets in any other business or venture and shall not use the Trade Secrets in any manner not authorized or approved in writing by Franchisor.

20.5. *No Copying*. Franchisee shall not make any unauthorized copy of any Trade Secrets disclosed in writing or Trade Secrets disclosed other than in writing and put in writing.

20.6. *Procedures to Protect Secrets*. Franchisee shall implement reasonable procedures, and all procedures prescribed from time to time by Franchisor, to prevent unauthorized use and disclosure of Trade Secrets, including but not limited to imposing restrictions on disclosure to personnel, shareholders, directors, members, officers, partners, employees and other personnel of Franchisee. Franchisee shall not divulge the Trade Secrets except to personnel who must know them to do their jobs, and only the portions the personnel need to know.

20.7. *Manual*. By way of emphasis, and not limitation, Franchisee shall not copy, record or otherwise reproduce any or all of the Manual and shall not make any of the Manual available to any unauthorized person. Franchisee shall assure that Franchisee's employees, agents, independent contractors and any other personnel do not copy, duplicate, record or otherwise reproduce any or all of the Manual.

20.8. *Public Information*. The restrictions in this Article 20 on Franchisee's disclosure of Trade Secrets shall not apply to information that is or becomes generally known and used by other similar businesses, other than through disclosure (whether deliberate or not) by Franchisee.

20.9. *No Diversion*. Franchisee shall not directly or indirectly divert or attempt to divert any business or customers to any competitor, or do or perform, directly or indirectly, any other act harmful to the goodwill associated with the Trademarks, Copyrighted Works or the Self Made System.

20.10. *No Competing Business During Term*. To reduce the risk of accidental or intentional misuse of the Trade Secrets, and to facilitate Franchisee's best efforts under Sections 9.5 and 17.2, Franchisee shall deal exclusively with Franchisor during the Term of this Agreement. Franchisee, Franchisee's spouse, Franchisee's domestic partner, a family member residing with Franchisee, and/or a social partner with whom Franchisee resides, (and if Franchisee is an entity, then any shareholder, member or other equity owner of

Franchisee and each such category of person in relation to such shareholder, member or other equity owner) shall not, directly or indirectly own, maintain, engage in, consult with or have any interest in any business specializing, in whole or in part, in providing exercise, fitness training or similar health and fitness services in a training facility or a gymnasium environment whether similar to or different from the services offered in the Self Made System. Franchisee shall be responsible to assure compliance with this Section by each and all such individuals.

20.11. *Further Trade Secret Protection*. To reduce the risk of accidental or intentional misuse of any Trade Secrets, Franchisee, Franchisee's spouse, Franchisee's domestic partner, a family member residing with Franchisee, and/or a social partner with whom Franchisee resides, (and if Franchisee is an entity, then any shareholder, member or other equity owner of Franchisee and each such category of person in relation to such shareholder, member or other equity owner) shall not, for a period of twenty four (24) months after expiration or termination of this Agreement, regardless of the cause of expiration or termination, directly or indirectly, own, maintain, engage in, consult with or have any interest in any business specializing, in whole or in part, in providing exercise, fitness training or similar health and fitness services in a training facility or a gymnasium environment whether similar to or different from the services offered in the Self Made System within a distance of twenty (20) miles of the Facility or within a distance of twenty (20) miles from any Self Made Training Facility, whether franchised or owned and operated by Franchisor, affiliate of Franchisor or any franchisee of Franchisor. Franchisee shall be responsible to assure compliance with this Section 20.11 by each and all such individuals.

20.12. *Covenants Severable, Modifiable*. Each of the covenants in Sections 20.1 through 20.11 shall be deemed independent of any other provision of this Agreement. If all or any portion of a covenant in this Article 20 is held unenforceable by a court having jurisdiction, Franchisee shall 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 and made a part of this Article 20.

20.13. *Covenants from Franchisee Personnel*. Franchisor shall have the right to require Franchisee to obtain from Franchisee's personnel performing managerial, supervisory and marketing functions and all personnel receiving training from Franchisor, executed covenants with restrictions substantially similar to those stated in Sections 20.9 through 20.11, above.

20.14. *Injunctive Relief*. Franchisee acknowledges that money damages would not be a sufficient remedy for breach of the obligations in this Article 20. Franchisor shall be entitled to seek and obtain equitable remedies including, but not limited to, immediate restraining orders and injunctive relief for the actual or threatened breach of any obligation in this Article 20.

20.15. *Acknowledgment*. Franchisee acknowledges that the right, obligations and restriction in this Article 20 are being implement and imposed to protect the Self Made System, Trademarks, Copyrighted Works and the goodwill associated with the same

21. ***Records and Audits*.**

21.1. *Maintaining Records*. Franchisee shall maintain and preserve for at least four (4) years, or other time periods specified by Franchisor, complete and accurate books, records and accounts according to good accounting practices and any accounting system Franchisor specifies. Franchisee shall retain all invoices, payroll records, cash receipts journals, sales tax records, disbursement journals, general ledgers and all other books and records of the finances of the Facility for four (4) years after the calendar year of the books and records, and any additional length of time that Franchisor requests from time to time.

21.2. *Trainer Information*. Franchisee shall maintain for at least four (4) years and such longer period as Franchisor specifies, records of trainers and any other customers, services provided and related information. Franchisee shall provide these records to Franchisor on request.

21.3. *Reporting*. Franchisee shall provide to Franchisor within ten (10) days after each calendar month and not later than April 15th after the end of the calendar year, in a form approved by Franchisor, an income statement and balance sheet as of the end of the preceding calendar month and year, respectively, and year-to-date. The financial statements shall be prepared according to generally accepted accounting principles, and, if requested by Franchisor, reviewed or audited by an independent certified public accountant, at Franchisee's expense. Franchisee shall provide Franchisor with a copy of all Franchisee's federal and state income tax returns, extension requests, amendments and other tax return filings at the same times as these are filed with tax authorities.

21.4. *Additional Reports*. Franchisee shall submit to Franchisor reports, forms and records, in the manner, containing information and at times Franchisor specifies from time to time. This may include but is not limited to a weekly report including various data to be accompanied by the payments required under Sections 15.2, 15.6 and 16.9 and any other applicable fees.

21.5. *Computer and POS Systems; Software*. Franchisor shall have the right from time to time to designate, and Franchisee shall obtain, install and use computer hardware, systems, Point of Sale system, apps and other software, and any revised versions, additional, upgraded or replacement apps and other software, systems and equipment Franchisor designates from time to time. Franchisee shall cooperate in measures to provide Franchisor unlimited access to all computer and POS data, computer system and related information via direct access, in person or electronically, real-time and or stored and delayed, all as Franchisor designates from time to time. All sales, customer and other information that Franchisor designates, shall be entered and recorded by Franchisee on the computer and/or POS systems designated by Franchisor. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the Self Made System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes.

21.6. *Inspections; Audits*. Franchisee shall make available to Franchisor for inspection at times and in a manner that Franchisor requests from time to time, all original electronic and paper records and books that Franchisor designates. Franchisor or its designee shall have the right, at all reasonable times, to examine, copy, inspect and audit the records and books of Franchisee. For this Agreement records and books also includes email communications. On request Franchisee shall provide Franchisor with codes needed to access Franchisee's email accounts.

21.7. *Inspections; Audit Results*. If an inspection or audit reveals an underpayment or understatement to Franchisor, then Franchisee shall immediately pay the amount underpaid or understated, plus interest from the date the amount was due until paid, at the percentage rate stated in Section 15.7. If any underpayment or understatement was two percent (2%) or more in any period, then Franchisee shall also reimburse Franchisor's costs and expenses of the inspection or audit. The provisions of this Section do not excuse any breach reflected by the underpayment or understatement, and are additional to Franchisor's other rights and remedies.

21.8. *Maintenance of Records*. Franchisee shall keep and maintain all financial records, reports and accounts pertaining to the Facility for four (4) years after the date of termination or expiration. Franchisee shall permit Franchisor to make inspections of such books, records and accounts at Franchisor's request.

22. ***Risk Management.***

22.1. *Insurance*. Franchisee shall obtain and maintain insurance coverages of the types and amounts that Franchisor specifies from time to time. At the time of signing this Agreement, Franchisor requires Franchisee to obtain the following, all through carriers satisfactory to Franchisor: (a) commercial general liability coverage including personal injury, property damage, bodily injury, advertising injury and contractual liability coverage for the business classification that includes the business of operating a training facility/gym/health/fitness center, of at least one million dollars ($1,000,000) per occurrence, two million dollars ($2,000,000) aggregate, sexual abuse or sexual molestation liability of at least one hundred thousand dollars ($100,000) each occurrence, three hundred thousand dollars ($300,000) aggregate; and professional liability insurance of at least one million dollars ($1,000,000) for the independent instructor(s) at the facility and offsite locations; (b) business interruption insurance of at least $1,000,000 insuring against any loss, liability, personal injury, death, property damage, property loss or expense arising or occurring on or in connection with the business; (c) automobile liability insurance, including owned, hired and non-owed vehicle coverage of at least one million dollars ($1,000,000); (d) any insurance required by a lease; (e) umbrella coverage of at least one million dollars ($1,000,000); (f) data theft and cybersecurity coverage; all of the foregoing shall name Franchisor, and Franchisor's shareholders, members, partners, directors, officers and employees as additional insureds; (g) any workers' compensation, unemployment and state disability insurance as is required by law; and (h) employment practices liability insurance of at least $1,000,000.

22.2. *Notice of Changes*. Each insurance policy shall state that Franchisor shall receive from the insurer, at least thirty (30) days prior written notice of any intent to reduce coverage or policy limits, terminate, cancel or amend the policy. Franchisor reserves the right to change the insurance requirements during the term of this Agreement, including the types of coverage and the amounts of coverage. Franchisee must comply with any changes to these requirements.

22.3. *Proof of Insurance*. Franchisee shall provide Franchisor with certificates of insurance for the coverages in Section 22.1 before the Facility starts operating. Franchisee shall deliver to Franchisor a complete copy of each insurance policy within ten (10) days after delivery of the certificates of insurance, and of each new or renewal policy on receipt of the policy. Franchisor shall have the right at any time to require Franchisee to provide Franchisor full copies of any or all Franchisee's insurance policies and certificates of insurance.

22.4. *Franchisor Master Policy*. If Franchisor elects to purchase or arrange for one or more master policy(s), system-wide policy(s), or policy(s) for multiple franchisees, then if Franchisor requests, Franchisee shall participate in each such policy that Franchisor designates, by paying to be insured under that policy; and Franchisee shall comply with any rules and procedures established by the insurer(s) as conditions to participating in such policy(s).

22.5. *Franchisor Right to Secure Insurance.* If Franchisee fails to purchase, participate, maintain or provide proof of any insurance required by any provisions of this Agreement, and copies of policies, then Franchisor shall have the right, but no obligation, to obtain that insurance, or other insurance that Franchisor elects to obtain for this purpose. Franchisee shall, at Franchisor's election, pay all premiums for the insurance or reimburse premium payments made by Franchisor. Franchisor's right under this Section and any action taken by Franchisor do not excuse Franchisee's breach.

22.6. *Disclaimer*. Franchisor shall have no obligation to obtain or maintain any insurance for or on behalf of Franchisee. Nothing in this Agreement implies that any insurance Franchisee is required to obtain and maintain will be sufficient insurance for any purpose.

22.7. *Claims*. Franchisee shall notify Franchisor in writing of any and all claims or demands against Franchisee, the Facility or Franchisor within forty eight (48) hours after Franchisee receives notice of the claim or demand. Franchisee shall respond to all claims within the time required by law. Franchisee shall cooperate with Franchisor or Franchisor's designee in defending Franchisor and Franchisee against any and all claims.

22.8. *Indemnification*. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, Franchisor's shareholders, members, partners, directors, officers, employees and agents, from and against any and all debts, charges, losses, costs, expenses (also including accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to: (a) use, condition, construction, equipping, decorating, occupancy, maintenance, purchases and/or operation of the Facility; (b) arrangements for, orders and sales of or for services and merchandise; (c) claims for personal injury, loss of or damage to property, or other injury or damage arising from services provided by Franchisee; (d) claims for injury, death or loss to any person or property of any customer; (e) claims from any other aspect of, from or concerning the Facility; (f) liens, claims or charges on the premises in favor of mechanics, materialmen, contractors or subcontractors or any other person or persons who may obtain a lien or claim arising out of construction, maintenance or improvements to the premises; (g) Franchisee's breach of this Agreement or allegation that, if true would be a breach of this Agreement; (h) infringement, alleged infringement or any other violation or alleged violation by Franchisee of intellectual property or other rights of any third party, other than matters for which Franchisor in this Agreement expressly agrees to indemnify Franchisee; (i) violation, breach or asserted violation or breach by Franchisee of any contract, law or regulation; (j) actual or alleged libel, slander or any other form of defamation; (k) actual or alleged act, error or omission of Franchisee or Franchisee's personnel; (l) any claim, liability or damages associated with any obligation under the lease for the location; (m) any claims or liability arising from labor or employment law violations from Franchisee's operations; (n) any claims or demands by Franchisee's employees against Franchisor alleging joint employer or other employment claims; and (o) acts and omissions of the Franchisee and Franchisee's employees. This Section survives expiration or termination of this Agreement.

22.9. *No Assumption of Liability*. Franchisor shall not, by virtue of any consent, advice or services, be deemed to have assumed or undertaken a responsibility or liability to Franchisee or any third party. Franchisor shall not have any liability or obligation for any debt or other obligation incurred by Franchisee in or relating to Franchisee's operation of the business, or otherwise.

22.10. *Franchisor Resolution of Claims*. To protect persons or property, goodwill of Franchisor or of others, and/or resolve matters economically, Franchisor may, at any time and without notice, as Franchisor considers appropriate, consent or agree to settlements, pay to remove liens, or take other remedial or corrective action that Franchisor deems appropriate regarding any action, suit, proceeding, claim, lien, demand, inquiry or investigation if Franchisor believes there are grounds to conclude that any act or circumstance for which Franchisee is required to indemnify Franchisor occurred; or any act, error or omission of Franchisee or Franchisee's personnel may result in damage, injury or harm to any person or any property, or that it is more economical to resolve the matter then to dispute it, or to avoid injury or damage to the goodwill of Franchisor or of the Trademarks. Franchisee shall pay or reimburse to Franchisor on demand the amount paid by Franchisor or amount equal to the value given by Franchisor, also including Franchisor's costs, expenses and counsel fees.

22.11. *Limit of Liability*. FRANCHISOR SHALL NOT BE LIABLE TO FRANCHISEE OR TO CUSTOMER, SUPPLIER OR OTHER PERSON OR ENTITY FOR ANY COST, EXPENSE, LOSS OF PROFIT, LOSS OF BUSINESS, INTERRUPTION OF BUSINESS, OR FOR OTHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR ANY OTHER DAMAGE, COST, LOSS

OR EXPENSE OF ANY KIND, OTHER THAN DIRECTLY FORESEEABLE ACTUAL CONTRACTUAL DAMAGES WHETHER UNDER THIS AGREEMENT OR FOR OR ON ACCOUNT OF ANY PRODUCT OR SERVICE OR NONPERFORMANCE OF SERVICE, OR OTHERWISE, EVEN IF FRANCHISOR WAS ADVISED OF THE POSSIBILITY OF THAT DAMAGE, COST, LOSS OR EXPENSE AND REGARDLESS OF THE NATURE OF THE CLAIM OR CAUSE OF ACTION WHETHER PURPORTING TO BE IN CONTRACT, TORT, LAW, EQUITY, STATUTORY OR OTHERWISE.

23. *Term and Renewal.*

23.1. *Term*. Unless sooner terminated this Agreement will last for seven (7) years, starting on the date stated in Section 3 and expiring at the close of business on the seventh (7th) anniversary of that date (stated in Section 4).

23.2. *Renewal Option*. Franchisee shall have an option to renew this Agreement, for a successive seven (7) year term. Franchisee may exercise the option by delivering to Franchisor written notice of election to renew at least ninety (90) days but not more than one hundred eighty (180) days before the expiration date provided for above. Failure to exercise the option according to these terms, irrevocably waives that option.

23.3. *Renewal Conditions*. Each of the following is a condition precedent to Franchisee's right to exercise the option to renew:

A. Franchisee shall have given written notice of Franchisee's desire to renew to Franchisor at least ninety (90) days but not more than one hundred eighty (180) days before expiration of the term; the notice shall be accompanied by payment of a renewal fee; the amount of the renewal fee shall be fifteen thousand dollars ($15,000).

B. Franchisee shall have been in full compliance with this Agreement, including but not limited to provisions for payments to Franchisor, continuously during the term of this Agreement, at the time of delivering the written notice and at expiration of this Agreement.

C. Franchisee shall, at least ninety (90) days before the expiration date of this Agreement have proven to Franchisor's satisfaction that Franchisee has the right to remain in possession of the premises for the duration of the renewal term and shall have completed refurbishing, brought the Facility into full compliance with the specifications and standards then applicable for a new or renewing Self Made Training Facility franchisee, and committed to refurbishing in the renewal term.

D. At least forty-five (45) days prior to expiration of this Agreement, Franchisee shall execute a new franchise agreement on the form then being used by Franchisor. The renewal franchise agreement shall provide for a term of seven (7) years, to start on the expiration date of this Agreement. The renewal franchise agreement may be modified to omit any right to further renewal and may provide for different, additional and larger fees compared to this Agreement and may be materially different from this Agreement in any or all of its other provisions. The renewal franchise agreement will be accompanied by a general release which Franchisee and all guarantors of Franchisee shall also sign.

E. Before the expiration of this Agreement, if Franchisor requests, Franchisee and personnel of Franchisee designated by Franchisor, shall attend a refresher training, orientation seminar, or workshop.

F. None of the grounds for termination provided for in Article 27 shall exist.

G. Franchisee shall have satisfied all Franchisor's then-current requirements for a new or renewal franchisee. Accordingly, within a reasonable time after receipt of the written notice under Section

23.3(A) above, Franchisor could elect to provide Franchisee with written notice of (i) any reasons Franchisor has identified at that time that could cause Franchisor not to permit renewal; and (ii) Franchisor's then-current upgrading and Refurbishing and other requirements for a Self Made Training Facility. Franchisee shall comply with these requirements within the time stated in Franchisor's notice.

23.4. *Renewal Documents*. After Franchisor determines that Franchisee may potentially be or become eligible for renewal, Franchisor shall, if required by law to do so, provide its then current Franchise Disclosure Document and accompanying renewal agreement(s). Franchisee shall immediately sign and return a written acknowledgement of receipt of these items. Franchisee shall hold and review these items during the cooling off period required by law. At least forty-five (45) days before expiration of this Agreement, Franchisee shall execute the applicable agreement(s) and return it or them to Franchisor.

23.5. *Extension of Term*. If Franchisee complied with all conditions for renewal and applicable law requires Franchisor to give Franchisee earlier or larger notice than provided above, this Agreement will remain in effect on a month-to-month basis until the notice required by applicable law has been given.

23.6. *Month-to-Month Agreement*. If Franchisee does not sign Franchisor's then-current Franchise Agreement prior to the expiration date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the expiration date with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other with written notice of such party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement, or such longer notice period as is required by applicable law. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement.

24. *Transfer*.

24.1. *No Transfer by Franchisee Without Franchisor Consent*. Without Franchisor's prior written consent, Franchisee shall not sell, assign, transfer, convey, give away, pledge, assign as security or encumber to any person or entity all or part of Franchisee's interest in this Agreement or in the franchise or in any entity which owns any interest in the franchise, nor offer, permit or allow Franchisee or any ownership or other interest in Franchisee to be sold, assigned, transferred, conveyed, given away, pledged, assigned as security or encumbered to any person or entity. Any purported occurrence of any of these without Franchisor's prior written consent shall be null and void and is a material breach of this Agreement.

24.2. *Conditions for Consent*. Franchisor may, in its sole discretion, require as conditions of its consent to any transfer, that:

A. All Franchisee's monetary obligations to Franchisor, its subsidiaries and affiliates and all other outstanding obligations related to the franchised business shall have been satisfied;

B. Franchisee shall be in full compliance with and not be breach of, this Agreement;

C. The transferor(s) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, partners, members, directors, officers, employees, representatives, and agents;

D. If applicable in Franchisor's discretion, based on the nature of the transfer, the proposed transferee shall demonstrate to Franchisor's satisfaction that he, she or it meets Franchisor's managerial, business and all other standards; possesses a good business reputation and credit rating; and has the aptitude and ability to conduct the business;

E. If applicable in Franchisor's discretion, based on the nature of the transfer, the proposed transferee shall, at his, her or its expense, upgrade the Facility to Franchisor's then-current standards for a new Self Made Training Facility, and complete upgrading and other requirements within a time set by Franchisor;

F. Franchisee and its owners shall remain liable for all obligations to Franchisor incurred before the transfer, and shall execute instruments requested by Franchisor to reconfirm such liability;

G. If applicable in Franchisor's discretion, based on the nature of the transfer, the proposed transferee and proposed manager shall complete any training programs then in effect for franchisees on terms that Franchisor establishes;

H. Franchisee or the proposed transferee shall pay Franchisor at the time of requesting Franchisor's consent to the transfer, a transfer fee. The transfer fee shall be seven thousand five hundred dollars ($7,500). If Franchisor does not consent to the transfer, then Franchisor shall return one-half of this amount; and

I. The transferee shall sign Franchisor's then-current form of Franchise Agreement and ancillary agreements, which may include terms and conditions that are materially different from this Agreement, and shall be modified to provide for a term equal to the remaining term of this Agreement.

24.3. *No Security Interest*. Franchisee shall not grant or permit to arise or exist any security interest in Franchisee, the franchised business or assets of the franchised business, nor any negative pledge or equivalent, without Franchisor's prior written consent.

24.4. *Nonwaiver*. Franchisor's consent to a transfer is not a waiver of any claim against any person or entity, nor of Franchisor's rights to demand full compliance with this Agreement.

24.5. *Waiver of Interference*. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate and confer with potential transferees and analyze and critique terms of a proposed transfer. Franchisee authorizes Franchisor to communicate with any potential transferee and with others potentially involved in a transfer; investigate any potential transferee's qualifications, and analyze and critique proposed terms of any transfer to proposed transferee(s). Franchisee waives any claim for interference, other tort or otherwise arising from or relating to those contacts or actions.

24.6. *Transfer by Franchisor*. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement in whole or in part, on one or more occasions, to any person(s) or entity(s). Franchisor shall have the right to acquire or be acquired by or engage in other transactions with other entities, even if they engage in the same or competitive business. Due to mergers, acquisitions, sales, restructurings or other transactions that could occur, Franchisor could acquire, be acquired by, and/or become affiliated with competitive entities; or entities affiliated with Franchisor may become unaffiliated; or combinations of these events may occur. Nothing in this Agreement restricts the delivery of services in the Territory to or by entities now or in the future affiliated with Franchisor under one or more different marks, or assures Franchisee that any entity that becomes affiliated with Franchisor that provides services in the Territory will continue to do so or cease doing so. Nor does this Agreement create any right or interest in Franchisee to service customers or accounts of any entity that becomes affiliated with Franchisor in the future.

25. ***Right of First Refusal*.**

25.1. *Franchisor's Right*. Franchisor shall have a right of first refusal itself to accept the terms of any sale, transfer or assignment of any interest in this Agreement or in Franchisee or other transfer, offered by Franchisee or offered to and accepted by Franchisee, or permitted by Franchisee with regard to any owner(s) of interests in Franchisee, whether voluntarily or by operation of law.

25.2. *Additional Rights*. If Franchisor exercises the right of first refusal, then: (a) Franchisor shall have the right to substitute cash for any form of payment in the offer; (b) Franchisor's credit-worthiness shall be deemed to be at least as good as the proposed purchaser; (c) Franchisor shall have at least sixty (60) days after notifying Franchisee of its election to exercise the right of first refusal, to prepare for closing; and (d) Franchisor shall be entitled to receive written representations and warranties from Franchisee that Franchisee owns clear title to all assets being sold, transferred or assigned; all assets are in good working condition; there is no breach of this Agreement or any agreement affecting the Facility; and there are no liabilities of Franchisee that have not been disclosed to Franchisor in writing.

25.3. *Notice*. To enable Franchisor to exercise the right of first refusal, Franchisee shall deliver to Franchisor written notice stating all terms of any proposed sale, transfer or assignment and shall provide additional information Franchisor requests about the proposed transaction.

25.4. *Consent*. Within thirty (30) days after Franchisor receives the notice and all additional information requested by Franchisor, Franchisor shall, in writing, consent or withhold consent to the proposed sale, assignment or transfer or, pursuant to this Article 25, accept for itself or its nominee the sale, assignment or transfer.

25.5. *Entire Interest*. If a transfer occurs by virtue of the assignment of a portion of the ownership of an entity comprising Franchisee, to other than the original owners of Franchisee then Franchisor shall have the option to purchase not only the interests being transferred but also the remaining interests, so that after the transaction Franchisor will own one hundred percent (100%) of the interest in Franchisee. Any purchase of such interests shall be valued on a basis proportionate to the price of the interests initially being offered.

25.6. *Lease*. If Franchisor exercises its right of first refusal, then if requested by Franchisor, Franchisee shall take all action necessary to cause the lease for the Facility and any other agreements designated by Franchisor, to be assigned to Franchisor.

25.7. *Completion*. If Franchisor elects not to exercise the right of first refusal and consents to the proposed sale, assignment or transfer, then Franchisee shall be authorized to complete the transaction with the proposed assignee on the terms in the original notice to Franchisor. Any change to any such terms shall constitute a new proposal which shall again require compliance with the procedures in this Article 25.

25.8. *Other Transactions*. An election by Franchisor not to exercise the right of first refusal for a proposed transaction shall not affect Franchisor's right of first refusal for any other proposed transaction. Franchisor's decision not to exercise the right of first refusal does not constitute consent of the proposed transferee or assignee or of the transaction. Franchisee and any proposed transferee or assignee shall be required to comply with all provisions relating to transfer and assignment in this Agreement.

26. ***Death or Incapacity*.**

26.1. *Opportunity of Heirs*. If Franchisee is an individual who dies, or becomes permanently incapacitated, then Franchisor shall allow the deceased's surviving spouse, heirs, or estate or the incapacitated person's legal representative, the opportunity to participate in ownership of Franchisee during one hundred eighty (180) days after the death or incapacity, provided during that time the surviving spouse, heirs or estate or legal

representative: (a) maintains all standards of the franchise, performs all obligations of Franchisee and satisfies all then-current qualifications for a purchaser of a franchise or, (b) in accordance with all provisions of this Agreement, sells the person's ownership interest in Franchisee or, if applicable, this Agreement and the Facility to a person who satisfies Franchisor's then-current standards for new franchisees.

26.2. *Entity*. If Franchisee is an entity, then the death or incapacitation of a shareholder, member, partner, director, manager or principal officer of Franchisee shall not automatically constitute an assignment or transfer of this Agreement under Section 24.1 provided that during one hundred eighty (180) days after the death or incapacitation the surviving spouse, heirs or estate or the incapacitated person's legal representative (a) maintains all standards required by Franchisor, performs all obligations of Franchisee and satisfies all then-current qualifications for a purchaser of a franchise or, (b) in accordance with all provisions of this Agreement, sells such person's ownership interest in Franchisee or, if applicable, this Agreement and the Facility to a person who satisfies Franchisor's then-current standards for new franchisees.

26.3. *Operation*. From the date of death or incapacity until satisfied that a qualified and trained manager has assumed operational supervision of the Facility, Franchisor or its nominee shall have the right, but no obligation, to enter and operate the Facility. A decision by Franchisor to do so shall be deemed to be an accommodation to assist Franchisee. Franchisor or the nominee makes no representation regarding ability to operate the Facility profitably, and Franchisor or the nominee shall not be responsible for results of such operation. Franchisee shall reimburse all Franchisor's or the nominee's expenses incurred in operating the Facility pursuant to this Section including but not limited to travel, lodging, meals, and personnel compensation; and shall pay Franchisor or the nominee, in addition to all other amounts provided for in this Agreement, a management fee equal to five hundred dollars ($500) per day plus Franchisor's expenses, for the period of such operation. Franchisor or the nominee shall have the right to cause itself to be paid and reimbursed any or all these amounts from revenues of the Facility, as well as all other amounts required to be paid under this Agreement. The provisions of this Section 26.3 are additional and/or alternative to other remedies and are not an obligation of Franchisor. Franchisor is not restricted from terminating the Franchise if grounds exist to do so.

27. *Default and Termination*.

27.1. *Termination By Franchisee*. Franchisee has no right or power to terminate this Agreement prior to expiration of its term except with Franchisor's consent.

27.2. *Termination By Franchisor With Limited or No Opportunity to Cure*. This Agreement shall, at Franchisor's option, terminate immediately on delivery of notice of termination to Franchisee, without opportunity to cure, if Franchisee or any of its owners, members, directors, partners, officers or key employees:

A. Fails to obtain a location, establish and equip the Facility as required by Article 10;

B. Fails to satisfactorily complete training required by Article 11;

C. Made any material misrepresentation or omission in the application for the Franchise;

D. Is indicted or charged with or convicted of or pleads no contest to a felony or other crime or offense that Franchisor believes is likely to hurt the reputation of Franchisor, Franchisee, the Self Made System, the Trademarks or the Facility, even if Franchisor's belief is incorrect;

E. Misuses or makes unauthorized use of any of the Trademarks or Copyrighted Works or Trade Secrets or commits any other act which Franchisor reasonably expects to materially impair the goodwill or value associated with any of these, or makes any unauthorized use, disclosure or duplication of any portion

of the Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information;

F. Abandons, fails or refuses to actively operate the Facility for five (5) or more consecutive days, or fails to relocate to premises acceptable to Franchisor within an approved period of time after expiration or termination of the lease for the premises;

G. Surrenders or transfers control of the Facility, makes or attempts to make an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or any assets, or fails or refuses to assign the franchise or interest in Franchisee of a deceased or incapacitated controlling owner as required;

H. Submits to Franchisor on two (2) or more occasions any reports or other information which understate revenues, royalties or any fees owed to Franchisor by more than two percent (2%);

I. Is adjudicated bankrupt, becomes insolvent, commits any act of insolvency or files any action or petition of insolvency; a permanent or temporary receiver is appointed over Franchisee's or Franchisee's owner's property; makes a general assignment for the benefit of creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); execution is levied against Franchisee's or Franchisee's owner's business or property; suit to foreclose any lien or mortgage against the Facility or equipment is instituted against Franchisee or Franchisee's owner and not dismissed within thirty (30) days, or is not within such time in the process of being dismissed;

J. Fails on two (2) or more occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, or to respond in writing to any inquiry from Franchisor when requested, or to pay royalties, advertising contributions, amounts due for purchases from Franchisor or Franchisor's affiliates, or otherwise fails to comply with this Agreement, whether or not the failures to comply are corrected after notice is delivered to Franchisee;

K. Violates any safety or health law, ordinance or regulation or operates the Facility in a manner that presents a safety or health hazard to its customers or the public. The parties mutually acknowledge and agree that for this Section, repeated failure to pass any health inspection, and/or lack of cleanliness or sanitation of the Facility each constitutes grounds for termination pursuant to this Section;

L. Engaged or engages in any conduct that, if made public could or would in Franchisor's judgment injure the reputation of the Trademarks or of Franchisor, whether or not such conduct is lawful or unlawful, and whether or not Franchisor's judgment is correct or incorrect, or any misconduct with regard to sanitation and/or safety at the Facility, or Franchisee becomes a subject of media attention suggesting that Franchisee, or is accused or charged by a prosecuting agency or pleads no contest to or is adjudged to have, engaged in unlawful or improper conduct involving any individual who is a minor; or

M. Repeatedly breaches this Agreement or any agreement with Franchisor's affiliate(s), regardless of whether the breaches are of the same or different provisions and regardless of whether cured after notice.

27.3. *Termination by Franchisor With Opportunity to Cure*. This Agreement shall terminate, at Franchisor's option, without further action by Franchisor, with termination to be effective at a date stated in a notice of breach and termination, if Franchisee or Franchisee's owner:

A. Fails or refuses to pay any amount due to Franchisor or any related entity of Franchisor, whether for royalties, advertising contributions, technology fee, product or other purchases, or any other amount, and does not correct the failure or refusal within five (5) days after written notice of the failure is delivered to Franchisee; or

B. Fails or refuses to comply with any provision of this Agreement, or any standard or operating procedure prescribed in the Manual or otherwise in writing, and does not correct the failure within thirty (30) days after delivery of notice, or lesser period of time as is reasonable and is stated by Franchisor in such notice. If applicable law requires Franchisor to provide Franchisee additional time to cure any breach of this agreement, this provision shall be deemed automatically amended to conform to the requirements of applicable law.

27.4. *Casualty or Condemnation*. If the Facility is damaged by fire or other casualty, Franchisee shall, at Franchisee's cost, repair the damage as soon as possible. If the casualty or a condemnation by a government agency's eminent domain power requires closing the Facility for over twenty (20) days, then, unless repair and reconstruction work starts in earnest within that twenty (20) day period and unless the Facility is reopened in full operation no later than one hundred twenty (120) days after the date of the casualty loss or eminent domain condemnation, then Franchisor shall have the right to notify Franchisee of the termination of this Agreement. However, instead of reconstructing and reopening the damaged or taken-by-eminent-domain Facility, Franchisee shall have the right to submit a written request to Franchisor, and/or Franchisor shall have the right to require Franchisee, to relocate the Facility and locate and obtain possession of new premises in the Territory all in compliance with Article 10; and construct a Facility, in compliance with Franchisor's standards for a new Self Made Training Facility, all within one hundred twenty (120) days after the date of the casualty loss or eminent domain taking.

27.5. *Right to Operate Facility During Term.* If Franchisor believes operation of the Facility may be in jeopardy or if a default or breach occurs, then in addition to all Franchisor's other rights and remedies, Franchisor shall have the right, but no obligation, to enter into and operate or for its nominee to enter into and operate the Facility for as long as Franchisor or the nominee believes necessary or practical. Any decision by Franchisor in this regard shall be deemed to be an accommodation to assist Franchisee. Franchisor makes no representation regarding its or the nominee's ability to operate the Facility profitably, and Franchisor and the nominee shall not be responsible for results of operation. Franchisee shall reimburse all Franchisor's or the nominee's expenses incurred to operate the Facility pursuant to this Section, including but not limited to travel, lodging, meals, and personnel compensation; and shall pay Franchisor or the nominee, in addition to all other amounts provided for in this Agreement, a management fee equal to $500 per day plus expenses for the period of operation by Franchisor or the nominee. Franchisor or the nominee shall have the right to cause itself to be paid and reimbursed any or all these amounts from revenues of the Facility, as well as all other amounts required to be paid under this Agreement.

27.6. *Right to Operate After Termination.* Franchisor or its nominee shall have the right, but no obligation, at any time after termination of this Agreement, to enter into and operate the Facility. Franchisor or the nominee shall also have the right to communicate directly with Franchisee's landlord and obtain the assignment of the Lease pursuant to the provisions stated in Section 10.3, that are to be incorporated into the lease (whether or not so incorporated). Franchisee shall not be entitled to compensation from operation of the Facility after termination of this Agreement. Alternatively, and in lieu of continued operation of the Facility, Franchisor or the nominee shall have the right to step in and de-identify the Facility if Franchisee fails to do so. Franchisee shall reimburse Franchisor or the nominee for all expenses incurred in de-identifying the Facility pursuant to the requirements in Section 28.1(C).

28. *Duties on Expiration or Termination.*

28.1. *Rights and Duties*. To protect the Self Made System, Trademarks, Copyrighted Works and the goodwill associated with the same, on the termination or expiration of this Agreement:

A. Franchisee shall immediately stop operating the Facility and shall not, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. Franchisee shall permanently cease using, by advertising or in any manner, all Trade Secrets, Trademarks, Copyrighted Works; confidential methods, procedures and techniques, software, and all other forms, slogans, signs, symbols, logos or devices associated with the Self Made System.

C. Franchisor shall have the right and option (but no obligation) to receive, and on demand by Franchisor made within ten (10) days after expiration or termination, Franchisee shall immediately deliver to Franchisor in writing, a written assignment of Franchisee's interest in any lease for the Facility. If Franchisor elects not to exercise the right to demand assignment of the lease, then Franchisee shall within thirty (30) days after expiration or termination modify the design, decor and operating methods of the Facility Location in a manner acceptable to Franchisor so it no longer suggests or indicates a present or past connection with Franchisor or the Self Made System. De-identification shall require, among other things, that Franchisee change color schemes and remove all signs and other physical objects which display any of the Trademarks, Copyrighted Works or other features of Self Made Training Facility.

D. Franchisee shall take all action needed to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with government authorities which contains the name "Self Made Training Facility" or any portion of this phrase or any of the Trademarks. Franchisee shall furnish Franchisor with proof of compliance with this obligation within fifteen (15) days after termination or expiration.

E. Franchisee shall immediately pay all sums owing to Franchisor, including but not limited to, all damages, costs and expenses, including reasonable attorneys' fees and lost royalties incurred by Franchisor as a result of Franchisee's breach. Expiration or termination of this Agreement does not constitute an election of remedies and does not waive or release Franchisor's claims for lost future royalties or other amounts.

F. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor after termination or expiration in obtaining injunctive or other relief for enforcement of any provisions of this Agreement.

G. Franchisee shall immediately deliver to and return to Franchisor any copy in Franchisee's possession of the Manual and all other manuals, lists, records, files, instructions, brochures, agreements and all other materials provided by Franchisor to Franchisee relating to the Facility.

H. Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's right to use and receive service for telephone and facsimile numbers, Internet addresses and electronic mail addresses, social media addresses and accounts, domain names, and passwords and any other forms of access codes relating to the Facility, and shall cooperate in notifying phone companies, internet service providers, social media providers and other similar providers of the termination or expiration of Franchisee's right and transfer to Franchisor of the right to use such numbers, addresses, social media accounts and domain names and any regular, classified or other directory listing associated with the Trademarks, and authorize a transfer of same to or at the direction of Franchisor. Franchisee shall execute all documents, including, but not limited to, authorization forms, prescribed by Franchisor to assign these on termination or expiration of this Agreement.

I. Franchisor shall have the right (but not the obligation) to be exercised by written notice to Franchisee of Franchisor's intent to do so, within thirty (30) days after termination or expiration, to purchase, any or all assets of the Facility that Franchisor selects, including leasehold improvements, equipment, supplies, advertising materials and any or all items bearing the Trademarks, at Franchisee's cost or fair market value, whichever is less. If Franchisor elects to exercise this option to purchase, Franchisor shall

have the right to set off all amounts due from Franchisee to Franchisor against any payment to be made under this Section 28.1(I).

J. Franchisee shall comply with the covenants in Sections 20.9 - 20.11.

28.2. *Survival*. All obligations of Franchisor and Franchisee which expressly or by their nature survive expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding expiration or termination and until they are satisfied or by their nature expire. Franchisee remains liable for any and all obligations incurred prior to and following the effective date of expiration or termination of this Agreement.

28.3. *Failure of Franchisee to Act*. Franchisee appoints Franchisor and Franchisor's personnel and/or Franchisor's nominee as attorney-in-fact with authorization to take any action(s) necessary or convenient in Franchisor's judgment, all at Franchisee's risk and expense, which Franchisee is obligated but fails to take pursuant to this Section.

29. *Franchisee Representations and Warranties*.

Franchisee and each person signing this Agreement who is an owner of Franchisee, jointly and severally represent and warrant to Franchisor, that:

29.1. Franchisee independently investigated the business contemplated by this Agreement and recognizes it involves business risks, including risk of loss and failure, and that results will depend largely on Franchisee's ability and efforts. Franchisor disclaims making, and Franchisee acknowledges that Franchisee did not receive any representation, warranty or guarantee, express or implied, as to potential sales, volume, results, or success of the business contemplated by this Agreement. No one can promise or assure success of the business.

29.2. Franchisee did not receive from Franchisor any projection or representation regarding income or other results.

29.3. Franchisee did not make any misrepresentation in obtaining this Agreement.

29.4. Franchisee, either alone or together with his or her or its legal and financial advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the franchise and of protecting his, her or its interests, and in making an informed investment decision.

29.5. Franchisee is aware that other franchisees of Franchisor may operate under different forms of Agreements, and some or all of those forms may be more favorable to those franchisees then this Agreement is to Franchisee, and that Franchisor's obligations and rights regarding various franchisees may differ. Franchisor does not represent or warrant that Franchisee is receiving the same or best terms compared to any other franchisee(s).

29.6. Franchisee acknowledges and agrees this Agreement creates an arm's length business relationship that cannot and will not be transformed into a fiduciary or other special relationship whether by a course of dealing, or by inference from a party's conduct or by any differences between the parties in knowledge, ability, power, resources or experience.

30. *Information Regarding Franchisee*. Franchisee makes the following representations and warranties to Franchisor if Franchisee is a corporation, partnership or limited liability company or other form of entity:

30.1. Franchisee is duly organized and validly existing under the state law of its formation and is qualified and authorized to do business in each state where its business activities or the nature of its properties require qualification;

30.2. Franchisee's corporate charter, articles of organization, written partnership or operating agreement or equivalent provides and shall at all times provide that Franchisee's activities are limited to development and operation of a Self Made Training Facility;

30.3. Copies of Franchisee's articles of incorporation or articles of organization, bylaws and other governing documents, including a resolution of the governing authority authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor including consent to and approval of the entry into and performance of this Agreement by the requisite number or percentage of shareholders, members, partners or equivalent if such approval and consent is required by the organizational and/or governing documents.

30.4. Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or other applicable interests in the entity constituting Franchisee and this list shall be furnished to Franchisor on request.

30.5. Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity securities or other equity interests and each certificate representing ownership of Franchisee shall have conspicuously endorsed on its face a statement in a form satisfactory to Franchisor that it is held subject to and that further assignment or transfer thereof is subject to all restrictions imposed on assignments by this Agreement.

30.6. Franchisee acknowledges and agrees that the representations, warranties and covenants above are also continuing obligations of Franchisee.

31. *Additional Provisions*.

31.1. *Time for Action*. Time is of the essence in relation to all performance obligations of Franchisee and all times for satisfaction of conditions by Franchisee in this Agreement.

31.2. *Business Judgment*. Franchisee understands and agrees that Franchisor may operate and change the Self Made System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interest, including without limitation Franchisor's judgment of what is in the best interests of the franchise network for the benefit of Franchisor, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (2) Franchisor's decision or the action taken promotes Franchisor's financial or other Franchisor interest; (3) Franchisor's decision or the action applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (4) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law provides or implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair

construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

31.3. *Relationship*. The parties shall be independent contractors. Nothing in this Agreement shall be construed to create an employer-employee, partnership, joint venture, agency, fiduciary or special relationship. Franchisee shall have no power to, and shall not purport to obligate Franchisor for any expense, liability or obligation. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee shall take such action as displaying notices of independent ownership in conspicuous places visible at the Facility entrance and on all forms, stationery and other written materials, the content of which Franchisor reserves the right to specify.

31.4. *Non-Waiver*. No waiver or delay in enforcing a party's rights after any breach of this Agreement shall be construed as a waiver of any earlier or later breach or of any other provision of this Agreement. Franchisor's acceptance of any payment from Franchisee shall not be nor be construed to be a waiver of any breach of this Agreement.

31.5. *Application of Payments*. Despite any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for royalties, Promotion Fund contributions, purchases from Franchisor or any entity related to Franchisor, interest or any other indebtedness of Franchisee.

31.6. *Tax Payments*. Franchisee shall pay to Franchisor promptly when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed on, required to be collected, or paid by Franchisor on account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the initial fee, royalties, Promotion Fund contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor.

31.7. *Notices*. All notices shall be in writing and shall be delivered personally, by messenger or delivery service, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective at the earlier of three (3) days after deposit in the U.S. Mail certified return receipt requested, postage prepaid, or when actually received, to the respective parties at their addresses on page 1 of this Agreement or other address of which the notifying party has been notified.

31.8. *Solving Disputes; Governing Law; Venue*.

A. This Agreement has been made and accepted in, and shall be interpreted and construed according to and governed by California law.

B. If any provision of this Agreement would not be enforceable under the laws of California, and if the Franchise is located outside of California and such provision would be enforceable under the laws of the state in which the Franchise is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 31.8 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject. Subject to Section 31.9, the prevailing party shall be entitled to recover its attorney’s fees and other court costs.

C. Any controversy or claim that arises out of or relates to this Agreement, or any breach of this Agreement, including without limitation any claim that any of this Agreement (including this Section 31.8) is invalid, illegal, voidable or void, shall be resolved by arbitration before a single arbitrator according to the Commercial Arbitration Rules of the American Arbitration Association. Arbitration shall be conducted in

Riverside County, California. The arbitrator shall be a retired federal or state judge with experience in franchisor-franchisee disputes. The arbitrator shall issue a reasoned award and decision. Reasonable discovery shall be permitted. Judgment on the arbitrator's award may be entered in any court having jurisdiction. The arbitrator shall award reasonable attorney's fees and costs to the prevailing party.

D. Before commencing an arbitration, whether to enforce or interpret this Agreement, or for relief based on the relationship created by this Agreement or alleged breach of this Agreement, the party shall attempt to resolve the dispute through mediation in accordance with the Commercial Mediation Rules of the American Arbitration Association. The mediator must have no past or present affiliation or conflict with any party to the mediation. The initiating party shall state in a written demand the claim(s) to be mediated. The fees and expenses of the mediation service including without limitation the mediator's fee and expenses, shall be shared equally by the parties. Each party shall bear its own attorney's fees and other costs incurred in the mediation. The mediation conference shall take place in Riverside County, California within thirty (30) days after appointment of the mediator. The parties shall participate in good faith in the entire mediation proceeding, including the mediation conference, with the intention of resolving the dispute, if possible.

E. If one party breaches this Section 31.8 by failing or refusing to participate in the mediation, the non-breaching party may immediately commence arbitration and take such other action to enforce its rights as permitted by law and the breaching party shall be obligated to pay the mediator's fees and costs, the non-breaching party's reasonable attorneys' fees and costs incurred. Additionally, in connection with the foregoing, the breaching party shall forfeit any right to recover attorneys' fees and costs should it prevail in the suit.

G. The obligation to mediate in this Section 31.8 shall not apply to: (1) a claim by a party seeking interim or provisional relief, including, without limitation, requests for temporary restraining orders, preliminary injunctions, writs of attachment, appointment of a receiver, for claim and delivery, or other orders which a court may issue when deemed necessary to preserve the status quo or prevent irreparable injury, including the claim of either party for injunctive relief to preserve the status quo pending completion of a mediation. The party awarded interim or injunctive relief shall not be required to post bond. After interim relief is obtained, the parties agree to submit the dispute to, or continue, mediation in accordance with this Agreement; (2) a claim by Franchisor or the holder of rights under any lease or sublease for unlawful detainer or similar remedies available to a landlord or for the enforcement of Franchisor's rights under any addendum to a lease; (3) a claim against Franchisee in the nature of collection of money past due and owing or for indemnification under this Agreement; (4) a claim against Franchisee for enforcement of liens, security agreements, or attachment, as Franchisor deems necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Trademarks or Copyrighted Works; or (5) any claim or dispute involving or contesting the validity of any of the Trademarks or Copyrighted Works.

31.9. *Force Majeure*. A party shall not be liable for reasonable delay in performance of an obligation, but not more than ten (10) days, if performance is made impossible due to fire, strike, work stoppage, war, terror, riot, embargo, natural disaster or other causes beyond the party's control. This Section shall not permit or excuse any delay in payment from Franchisee to Franchisor and shall not result in an extension of the term of this Agreement.

31.10. *Severability and Construction*. In any conflict between this Agreement and applicable law, the law controls, but the affected provision of this Agreement shall be limited only to the extent needed to be lawful. If any provision of this Agreement is held to be indefinite, overbroad, invalid or otherwise unenforceable, the rest of this Agreement shall continue in effect. If a court deems any provision of this Agreement (other than

for payment of money) unreasonable, the court may declare a reasonable modification and this Agreement shall be valid and enforceable as so modified.

31.11. *Third Party Beneficiaries*. The indemnification provisions pertaining to third-party indemnitees provided in Section 22.8, and the provisions for naming others as additional insureds in Section 22.1, and the provisions concerning nominees in Sections 13.4, 25.4, 26.3, 27.5, 27.6 and 28.3 are intended to benefit the classes of individuals and entities identified in those sections and they shall be deemed to be third party beneficiaries of such sections. Nothing else in this Agreement is intended, nor shall be deemed, to confer on any other person or entity any rights or benefits. No person or entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement shall have any rights or remedies under or by reason of this Agreement.

31.12. *Interpretation and Construction*. Headings and section numbers are only for convenience and shall not be used to interpret or construe this Agreement. References to persons mean legal entities as well as natural persons. This Agreement shall benefit and bind the parties and their permitted heirs, executors, administrators, successors and assigns. The language in all parts of this Agreement shall be construed simply according to fair meanings and not strictly for or against a party.

31.13. *CPI Adjustment.* Franchisor shall have the right to increase for inflation any amounts stated in dollar amounts or other fixed amounts. Increases will be based on the percentage increase in the Consumer Price Index, based on the increase in the index during the most recent calendar year, or period since the last increase made by Franchisor or other applicable period. The Consumer Price Index for All Urban Customers - All Items - U.S. City Average published by the U.S. Department of Labor, Bureau of Statistics shall be used. If that Department's publication of that index is discontinued or modified, or if Franchisor determines that such index does not sufficiently represent increases relevant to this Agreement, then Franchisor shall use the index or procedure that Franchisor believes reasonably reflects the relevant rate of increases in prices.

31.14. *Entire Agreement*. This Agreement, and all ancillary agreements signed concurrently with this Agreement, are the parties' entire agreement on the subject matter, and supersede any and all prior negotiations, understandings, representations, disclosures and agreements. This Agreement is not effective unless and until executed in writing by both parties. This Agreement may be amended only by a written amendment signed by the parties. Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made to Franchisee in the Franchise Disclosure Document.

31.15. *Individual Undertakings*. By signing on page 1 (or elsewhere), each partner, shareholder, officer, director, member and manager of the entity that signs this Agreement as Franchisee, personally and individually acknowledges and accepts the duties and obligations imposed on Franchisee by the terms of this Agreement. As a condition to the granting of the franchise, if Franchisee is an entity, Franchisor may require and Franchisee shall cause each of Franchisee's owners to execute a Guaranty in substantially the form attached as Exhibit "B" to this Agreement.

31.16. *Counterparts*. This Agreement may be signed in multiple copies, and each copy so signed shall be deemed an original, and all copies, taken together, shall be one instrument.

SMTF FRANCHISING, INC.
FRANCHISE AGREEMENT

EXHIBIT A

DEBIT AUTHORIZATION FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

(DIRECT DEBITS)

The undersigned franchisee/depositor ("**Depositor**") hereby (1) authorizes SMTF FRANCHISING, INC. and its Affiliates ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Franchisor's instructions.

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

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Franchisor and Depositor with thirty (30) days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or forty-five (45) days after posting, whichever comes first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error, and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws. Depositor shall be responsible for all charges assessed by Depository to process all debit entries and/or credit corrections entries to the undersigned's checking and/or savings account initiated by Franchisor. Franchisor will credit Depositor for fees if error is deemed to be caused by Franchisor.

_____	_____
DEPOSITOR (Print Name)	**DEPOSITORY (Print Name)**
By: _____	By: _____
Its: _____	Its: _____

SMTF FRANCHISING, INC.
FRANCHISE AGREEMENT

EXHIBIT B

PERSONAL GUARANTY

PERSONAL GUARANTY

This Personal Guaranty is executed with reference to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") between SMTF Franchising, Inc., a California corporation ("Franchisor") and _____ ("Franchisee").

1. *Scope*: In consideration of and to induce Franchisor to sign the Franchise Agreement or consent to assignment of the Franchise Agreement, as applicable, each individual who signs this Guaranty personally and unconditionally, jointly and severally with each other guarantor: (a) guarantees to Franchisor and Franchisor's successors and assigns that Franchisee will fully and timely pay and perform each and every undertaking, agreement, obligation and covenant in the Franchise Agreement; (b) guarantees that each and every representation and warranty of Franchisee in the Franchise Agreement is true and correct; and (c) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement.

2. *Waivers*: Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed; (c) protest and notice of default to any party regarding indebtedness or nonperformance of any obligations guaranteed; (d) any right to require that an action be brought against Franchisee or any other person as a condition to liability; (e) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of signing and performing this Guaranty; and (f) all other notices and legal or equitable defenses to which the undersigned may be entitled as a guarantor.

3. *Consent and Agreements*: Each individual who signs this Guaranty consents and agrees that: (a) the individual's direct and immediate liability under this Guaranty is joint and several with each other guarantor, whether the other guarantor signed this or another guaranty; (b) the undersigned must render any payment or performance required under the Franchise Agreement on demand if Franchisee fails or refuses to do so; (c) the undersigned's liability will not be contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other person or entity; (d) the undersigned's liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, acceptance of any partial payment or performance or compromise or release of any claim and no indulgence shall in any way modify or amend this Guaranty; (e) this Guaranty shall continue and is irrevocable during the term of the Franchise Agreement and after its expiration or termination.

4. *Enforcement Costs:* If Franchisor takes action to enforce this Guaranty in any judicial or arbitration proceeding or appeal, the undersigned will reimburse Franchisor for Franchisor's legal fees and other enforcement costs including but not limited to accountants and experts fees, arbitration and court costs.

Effective Date: _____, 20___

GUARANTOR:	PERCENTAGE OWNERSHIP OF FRANCHISEE:
Signature: _____	
Printed name: _____	_____%
Signature: _____	
Printed name: _____	_____%
Signature: _____	
Printed name: _____	_____%

SMTF FRANCHISING, INC.
FRANCHISE AGREEMENT

EXHIBIT C

ADDENDUM FOR TRAINING FACILITY PURCHASE

(To be signed when Franchisee purchases an Existing and Operating Self Made Training Facility from Franchisor's affiliate)

ADDENDUM FOR TRAINING FACILITY PURCHASE

THIS ADDENDUM FOR TRAINING FACILITY PURCHASE (this "**Addendum**") is made and entered into as of _____, by and between **SMTF FRANCHISING , INC.**, a California corporation (**"Franchisor"**), on the one hand, and _____ (collectively **"Franchisee"**), on the other hand, with reference to the following facts.

A. Franchisee has purchased the assets of a Self Made Training Facility (the **"**Training Facility**"**) from an affiliate of Franchisor.

B. Franchisor and Franchisee have entered into a Franchise Agreement (the **"**Franchise Agreement**"**), which they wish to modify by means of this Addendum, with respect to the operation of the Training Facility.

C. Due to fact that Franchisee is purchasing an existing and operating Self Made Training Facility, certain provisions of the Franchise Agreement are not applicable to Franchisee, and Franchisee and Franchisor wish to modify the Franchise Agreement accordingly.

D. All capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Franchise Agreement.

NOW, THEREFORE, IT IS AGREED:

1. The following Sections of the Franchise Agreement shall be deleted in their entirety and have no force or effect: Sections 10.2, 10.3, 10.4, 10.5, 10.6, 10.8 and 10.9.

2. This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date first shown above.

Franchisor:	Franchisee:
SMTF Franchising, Inc.,	_____
a California corporation	a_____
By: _____	By:_____
Name: _____	Name:_____
Title: _____	Title:_____

EXHIBIT C

GENERAL RELEASE

EXHIBIT C

GENERAL RELEASE

This General Release ("Release") is made as of _____, 20__, by _____ _____, a(n) _____ ("Releasor") in favor of SMTF Franchising, Inc., a California corporation ("Franchisor") and certain other persons and entities identified or described below:

Releasor is a "Self Made Training Facility" franchisee, operating a "Self Made Training Facility" franchise (the "Franchise") from a location at _____ (the "Location(s)") pursuant to that certain Franchise Agreement with SMTF Franchising, Inc. dated _____, 20___ (the "Franchise Agreement"), and pursuant to the Franchise Agreement, Releasor agreed to execute this Release. Accordingly, Releasor agrees as follows:

1. Releasor for himself, herself, itself (and if Releasor is an entity, then also on behalf of the shareholders, members, directors, officers, managers, employees and agents of Releasor) absolutely and forever releases and discharges Franchisor and its predecessors, successors, parents, affiliates, assigns, agents, employees, attorneys and their respective shareholders, members, directors, officers, partners, heirs, executors and representatives from and against any and all obligations, actions, proceedings, losses, claims, demands, damages, debts, liabilities, accounts, costs, expenses, attorneys' fees, liens and causes of action of every kind and nature whatsoever ("Released Matters"), whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time ever had, owned or held, pertaining to or arising out of (a) the Franchise, the Franchise Agreement or any documents or instruments related thereto, (b) the business conducted by Releasor at the Location(s), and/or (c) the franchisor-franchisee relationship between Releasor and Franchisor.

2. Releasor acknowledges that Releasor is familiar with the provisions of Section 1542 of the California Civil Code which provide as follows:

> "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party."

3. Releasor waives and relinquishes every right or benefit which Releasor has under Section 1542 of the California Civil Code and any similar statute under any other state or federal law, to the full extent that Releasor may lawfully waive such right or benefit pertaining to the subject of this Release. In connection with such waiver and relinquishment, with respect to the Released Matters, Releasor acknowledges that Releasor is aware that Releasor may later discover facts additional to or different from those which Releasor now knows or believes to be true with respect to the subject matter of this Release, but that it is Releasor's intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or ever existed, and in furtherance of such intention, the release and discharge given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

4. Releasor understands and agrees that this Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this Release, other than those set forth herein, and that in executing this Release, Releasor is not relying upon any representation, warranty, agreement or covenant not set forth herein.

5. This Release is the complete agreement between the parties on its subject. It cannot be modified except by an agreement in writing executed by both of the parties. This Release and the legal relations among the parties shall be interpreted, construed and governed by the laws of California, without giving effect to any conflicts of laws.

6. Releasor certifies to Franchisor that Releasor read all of this Release and fully understands all of the same and executed this Release after having the opportunity to have received full legal advice as to Releasor's rights from legal counsel of Releasor's choice.

7. Releasor represents and warrants to Franchisor that Releasor has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder.

8. Releasor represents and warrants to Franchisor that Releasor has not assigned, transferred, or conveyed to any third party all or any part of, or any partial or contingent interest in, any of the claims which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that Releasor shall not assign, transfer or convey any such claim hereafter.

9. Whenever in this Release the context may so require, the neuter gender shall be deemed to refer to and include the feminine and masculine, the singular shall be deemed to refer to and include the plural, and vice versa. Each of the persons and entities identified or described in Section 1 is intended to be a third party beneficiary of this Release, each with the right to enforce this Release.

10. Releasor agrees that any dispute that arises out of or relates directly or indirectly to this Agreement, shall be submitted to arbitration before a single arbitrator according to the rules of the American Arbitration Association and judgment on the award may be entered in any court with jurisdiction thereof. Arbitration shall occur in Riverside County, California. The arbitrator shall have no authority to award punitive, exemplary, or emotional distress or mental anguish damages.

11. If Franchisor or Releasor commences any action or proceeding to enforce the terms of this Release, to prevent a breach of this Release, or to obtain a declaration of rights or obligations under this Release, or commences any other arbitration or other action or proceeding relating to this Release or the relationship between the parties, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees.

Executed as of the date set forth in the introductory paragraph:

FRANCHISOR:	RELEASOR:
SMTF Franchising, Inc., A California corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT D

STATE SPECIFIC ADDENDA

EXHIBIT D
STATE SPECIFIC DISCLOSURE REQUIREMENTS

The laws of several states require that we provide this Franchise Disclosure Document to you at the following earlier dates:

1. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

2. New York requires that we give you a copy of this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

For franchises that we sell for locations in CALIFORNIA, ILLINOIS, NEW YORK, VIRGINIA, and WASHINGTON applicable state law requires us to disclose additional information. Please refer to the separate state addendum pages in this Exhibit for the additional disclosures that may apply to you.

ADDENDUM TO

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

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 covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

7. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

8. OUR WEBSITE, WWW.SELFMADETRAININGFACILITY.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW. DFPI.CA.GOV.

9. The following language is added to the end of Item 5 of the Disclosure Document:

   The California Department of Financial Protection and Innovation has imposed a deferral requirement of the initial franchise fee due to Franchisor's financial condition. Payment of the initial franchise fee shall be deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement have been fulfilled by the Franchisor and the Franchisee commenced doing business pursuant to the Franchise Agreement.

10. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the

commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "Addendum") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Franchise Agreement") dated _____, by and between SMTF Franchising, Inc., a California corporation, as franchisor ("Franchisor"), and _____, as franchisee ("Franchisee"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

   a. They will use the declining-balance depreciation method to calculate the value of Franchisee's assets (inventory, supplies, equipment, fixtures, and furnishings) for the purposes of a purchase by Franchisor under Section 20022. The purchase price by Franchisor for these assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

   b. For the purposes of Section 20022, Franchisee is not able to provide to Franchisor with "clear title and possession" to Franchisee's Assets if those Assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by franchisee's landlord; or (v) tax liens.

   c. For the purposes of Section 20022(h), Franchisor's right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor's Affiliates: (i) Royalty Fees; (ii) Promotion Fund Fees; (iii) Technology Fees; (iv) Software Fees; (v) liquidated damages; (vi) Transfer Fees; and (vii) any other fee owed by Franchisee to Franchisor or Franchisor's Affiliates.

2. For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

   a. "**Fair market value of the franchise assets**" means the value of Franchisee's assets, valued according to the declining-balance method of depreciation. The purchase price by Franchisor for the assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

   b. "**Fair market value of the franchised business**" means the "**fair market value of the franchise assets**" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor's termination or failure to renew if Franchisor is in violation of the California Franchise Relations Act.

3. Section 15.1 of the Franchise Agreement is amended by adding the following:

   "The initial franchise fee shall be deferred until such time as all initial obligations owed to Franchisee under the Franchise Agreement have been fulfilled by the Franchisor and the Franchisee commenced doing business pursuant to the Franchise Agreement."

4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud

in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE**:
SMTF FRANCHISING, INC. a California corporation	_____ a _____
By:_____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____

ILLINOIS

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

ILLINOIS
ADDENDUM TO THE FRANCHISE AGREEMENT

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

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

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

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

Dated this _____ day of _____ 20___.

FRANCHISOR:

SMTF FRANCHISING, INC.
a California corporation

By:_____
Name: _____
Title: _____

FRANCHISEE:

_____
a _____

By: _____
Name: _____
Title: _____

NEW YORK

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT I OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Franchise Disclosure Document in New York:

Except as disclosed above, with regard to SMTF Franchising, Inc., its predecessor, a person identified in Item 2, or an affiliate offering franchises under SMTF Franchising, Inc.'s principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of

an action brought by a public agency or department, including, without limitation, actions affecting a license of as a real estate broker or sales agent.

3. The following is added to the end of Item 4 of the Franchise Disclosure Document in New York:

Except as disclosed above, neither SMTF Franchising, Inc., its Affiliates, its Predecessors, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5 of the Franchise Disclosure Document in New York:

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

5. The following is added to the end of the "Summary" section of Item 17(c) titled "**Requirements for you to renew or extend**," and Item 17(m), entitled "**Conditions for our approval of transfer**":

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

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by you**" in New York:

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by us**" in New York:

However, no assignment will be made except to an assignee who in the good faith and judgment of SMTF Franchising, Inc., is willing and financially able to assume SMTF Franchising, Inc.'s obligations under the Franchise Agreement.

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

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

DISCLOSURES REQUIRED BY VIRGINIA

Special Risks to Consider About This Franchise is amended to include the following:

2. Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $377,942 - $ 1,179,733. This amount exceeds the franchisor's stockholder's equity as of December 31, 2021, which is $224,885.

Item 17 is amended by the addition of the following:

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

WASHINGTON

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

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 rights of your franchise. There may also be court decisions that supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, FRANCHISE COMPLIANCE CERTIFICATE, AND RELATED AGREEMENTS

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement agree as follows for franchise locations in the State of Washington and for locations sold to Washington residents:

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

The State of Washington has a statute, RCW 19.100.180 (the "Act"), which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal rights of your franchise. There may also be court decisions that supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

Section 31.2 of the Franchise Agreement is amended to remove the following:

"In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review."

Section 31.13 of the Franchise Agreement is amended to remove the following:

"If that Department's publication of that index is discontinued or modified, or if Franchisor determines that such index does not sufficiently represent increases relevant to this Agreement, then Franchisor shall use the index or procedure that Franchisor believes reasonably reflects the relevant rate of increases in prices."

Sections 18.13 and 22.11 of the Franchise Agreement do not apply to Washington residents or to locations in the state of Washington.

Each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

Dated this ____ day of _____, 20__.

FRANCHISOR:	**FRANCHISEE**:
SMTF FRANCHISING, INC. a California corporation	_____ a _____
By:_____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____

EXHIBIT E

CONFIDENTIALITY AGREEMENT

SMTF FRANCHISING, INC.
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made this _____ day of _____, 20__ (the "**Effective Date**"), by and between **SMTF FRANCHISING, INC.** , a California corporation (**"Franchisor"**), on the one hand, and _____, a _____("**Candidate**"), on the other hand, with reference to the following facts:

A. Franchisor and Franchisor's affiliate, as the result of the expenditure of time, skill, effort and money, developed a training facility emphasizing health, exercise and fitness and selling fitness apparel, supplements related to fitness, snacks and other related fitness items ("**Self Made Facility**").

B. Self Made Facilities are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the marks "**Self Made**," "**Self Made Training Facility**," "SLFMD, ""**Where Champions are Self Made**" and such other trade names, service marks, logos, slogans and trademarks as are now designated and may hereafter be designated by Franchisor in writing (collectively, the "**Self Made Marks**") for use in connection with the operation of Self Made Facilities.

C. The distinguishing characteristics of Self Made Facilities include, without limitation, a facility that offers services on a private basis, to a strictly limited number of professional fitness and exercise trainers, so they can use the Self Made Facility to provide services to their customers; manuals, materials, software and software applications, services, and related written content created, owned, and copyrighted or copyrightable by the Franchisor or its affiliates (collectively, the "**Self Made Proprietary Programs**"), distinctive signage, exterior and interior design, decor, and color scheme for the Self Made Facilities; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; inventory and management procedures; training and assistance; Franchisor specified pricing; and advertising and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "**Self Made System**"). Franchisor has the right to use, and to license others to use, the Self Made Marks and Self Made System, and has, as a result of its expenditure of time, skill, effort, and money, developed a distinctive franchise model for qualified franchisees to obtain the right to operate a Self Made Facility using the Self Made Marks and Self Made System.

D. Candidate desires to apply to become a Self Made Facility franchisee. In connection therewith, Franchisor may provide Candidate with confidential and proprietary information regarding the Self Made Proprietary Programs and the Self Made System prior to granting or declining to grant Candidate a franchise or entering into a franchise agreement with Candidate. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. **INCORPORATION OF RECITALS**.

The recitals set forth in Paragraphs A through D above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. **CONFIDENTIALITY**.

Candidate acknowledges and agrees:

2.1. **Self Made Confidential Information**. That Candidate's knowledge of the elements of the Self Made Proprietary Programs and the Self Made System and any other proprietary data that may be disclosed to Candidate by Franchisor, or an affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of Franchisor or Franchisor's affiliate and any and all confidential and/or proprietary knowledge, data or information of Franchisor or Franchisor's affiliate that Candidate has obtained or obtains from another person or entity and which Franchisor or its affiliate treats as proprietary or designates as proprietary (whether or not in writing or electronic form) constitutes and is deemed "**Self Made Confidential Information**". By way of illustration, but not limitation, "**Self Made Confidential Information**" includes tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the Self Made Proprietary Programs and Self Made System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. Self Made Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Candidate. Self Made Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Candidate after receiving it; has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate; or is shown by acceptable evidence to have been independently developed by Candidate.

2.2. **Value**. That the Self Made Confidential Information has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public and is of substantial value.

2.3. **Proprietary**. That the Self Made Confidential Information is proprietary, confidential and constitutes a trade secret of Franchisor and its affiliates.

2.4. **Maintain Confidentiality**. That Candidate will fully and strictly maintain the confidentiality of the Self Made Confidential Information, will exercise the highest degree of diligence in safeguarding the Self Made Confidential Information and will not disclose or reveal the Self Made Confidential Information to any person other than another person who is actively and directly participating in the acquisition of the franchise

with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement similar to this Agreement, unless covered by attorney-client privilege.

2.5. **Reproduction and Use**. That Candidate will not directly or indirectly reproduce or copy any Self Made Confidential Information or any part thereof and will make no use of any Self Made Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

3. **GENERAL**.

3.1. **Injunction**. Candidate recognizes the unique value and secondary meaning attached to the Self Made Confidential Information and the elements of the Self Made Proprietary Programs and the Self Made System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Self Made Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the Self Made Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. **Heirs and Successors**. This Agreement shall be binding on and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. **Entire Agreement**. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement.

3.4. **No Warranties**. Candidate acknowledges and agrees that Franchisor has made no promises, representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document concerning the profitability or likelihood of success of the Self Made Facility, that Candidate has been informed by Franchisor that there can be no guaranty of success in the Self Made Facility and that Candidate's business ability and aptitude are primary in determining his success.

3.5. **No Right to Use the Self Made Proprietary Programs, Self Made System or the Self Made Marks**. This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the Self Made Confidential Information, the Self Made Proprietary Programs, the Self Made System and/or the Self Made Marks, which rights are expressly reserved by Franchisor.

3.6. **Waiver**. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. **Validity**. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. **Headings and Gender**. The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. **Attorneys' Fees**. If Franchisor becomes a party to any legal proceeding concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

3.10. **Cumulative Remedies**. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. **Notices**. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

SMTF Franchising, Inc.
42265 Winchester Road
Temecula, CA 92590
Phone: (951) 634-8843
Attention: President

Notices to Candidate:

_____
_____
_____
Fax: _____
Attention: _____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.12. **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Self Made Facility is located outside of California and such provision would be enforceable under the laws of the state in which the Self Made Facility is located, then such provision shall be interpreted and construed under the laws of that state.

3.13. **Venue**. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.14. **Counterparts and Electronic Transmission; Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above.

FRANCHISOR:	**CANDIDATE**:
SMTF FRANCHISING, INC. A California corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT F

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

SMTF FRANCHISING, INC.
ASSET PURCHASE AGREEMENT
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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is made this ___ day of _____, 20__ (the "**Effective Date**") by and between **SELF MADE TRAINING FACILITY, INC.**, a California corporation ("**Seller**"), on the one hand, and _____ ("**Buyer**"), on the other hand, with reference to the following facts:

A. Seller owns and operates the Self Made Training Facility (the "**Training Facility**") located at _____.

B. Seller leases the premises and improvements at the site of the Training Facility (the "**Training Facility Location**") under a Lease (the "**Lease**") with the landlord (the "**Landlord**") described on **Exhibit A** attached to this Agreement and incorporated into this Agreement by reference.

C. Seller desires to sell to Buyer and Buyer desires to purchase from Seller certain of the assets owned or used by Seller in the operation of the Training Facility as more fully described in **Exhibit B** (the "**Assets**"). Buyer further desires to operate the Training Facility under a Franchise Agreement with SMTF Franchising, Inc. ("**Franchisor**"), the franchisor of Self Made Training Facility, in the form of **Exhibit C** (the "**Franchise Agreement**").

NOW, THEREFORE, IT IS AGREED:

1. **INCORPORATION OF RECITALS**.

The Recitals set forth in Paragraphs A through C of this Agreement are true and correct and are incorporated into this Agreement as part of this Agreement.

2. **PURCHASE AND SALE**.

On the Closing Date, Seller shall sell, convey, transfer, assign and deliver to Buyer and Buyer shall purchase from Seller, all of the Assets of the Training Facility listed on **Exhibit B PLUS** all of the useable retail inventory located at the Training Facility (the "**Inventory**").

3. **PURCHASE PRICE FOR ASSETS**.

a. **Purchase Price**. The aggregate purchase price for the Assets (the "**Purchase Price**") shall be the sum of $_____ **PLUS** the sum of [item 7 has a range for inventory from franchisor, $6,500-$12,500] for the Inventory. Within two (2) days after the Closing Date (as defined in Section 6 below), Seller shall inform Buyer of the purchase price for the Inventory, valued at its customary cost (the "**Inventory Consideration**"). If the actual Inventory Consideration is greater than $_____ in the aggregate, Buyer shall pay Seller within five (5) business days thereafter an additional amount equal to the difference between the actual Inventory Consideration and $_____. If the actual Inventory Consideration is less than $_____ in the aggregate, Seller shall issue a credit to Buyer against the purchase price for Buyer's subsequent purchases of inventory in an amount equal to the difference between $_____ and the actual Inventory Consideration.

b. **Payment of Purchase Price**. On the Effective Date, Buyer shall pay Seller the sum of $_____ as a down payment against the Purchase Price and shall pay the remaining balance of the Purchase Price due to Seller on the Closing Date.

c. **Allocation of Purchase Price**. Seller and Buyer shall allocate the Purchase Price among the Assets as set forth on **Exhibit D** attached to this Agreement by reference, using the allocation method required by Section 1060 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations thereunder.

d. **Payments Required in Addition to Purchase Price**. Buyer shall pay the following obligations in addition to the Purchase Price:

(i) The $50,000 initial franchise fee due to Franchisor.

(ii) Three (3) month's rent and a security deposit equal to one (1) month's rent and estimated monthly expenses due under the Lease as described on **Exhibit A** attached to this Agreement and incorporated into this Agreement by reference.

(iii) All amounts attributable to "**Prorations**" as more fully described in Section 9(f) of this Agreement.

4. **LIABILITIES OF THE TRAINING FACILITY**.

a. **Seller's Liabilities**. Seller hereby assigns, transfers and conveys to Buyer all of Seller's right, title and interest in and to the liabilities and obligations, if any, listed on **Exhibit E** attached to this Agreement (collectively the "**Assumed Liabilities**") in connection with Buyer's acquisition of the Training Facility. Except as specifically provided in Section 4(b) of this Agreement, Buyer shall not assume and shall not acquire, take over or be responsible for any liabilities or obligations of Seller, known or unknown, relating to or arising from the operation of the Training Facility by Seller prior to the Closing Date ("**Seller's Liabilities**").

b. **Assumed Liabilities**. Buyer hereby assumes and promises to pay and perform the Assumed Liabilities in connection with Buyer's acquisition of the Training Facility.

5. **FRANCHISE AGREEMENT AND ASSIGNMENT OF LEASE**.

a. **Franchise Agreement**. On the Closing Date, Buyer and Franchisor shall execute a Franchise Agreement for the Training Facility in the form of **Exhibit C**.

b. **Assignment of Lease**. On the Closing Date, Buyer and Seller shall execute an Assignment of Lease for the Training Facility Location in the form of **Exhibit F**. Seller, in its discretion, shall exert Seller's commercially reasonable best efforts to obtain the consent of the Landlord to the Assignment of Lease, if such consent is required. Buyer shall provide to the Landlord such financial statements and other information concerning Buyer as the Landlord may reasonably require to grant the Landlord's consent to the Assignment of Lease. Buyer shall pay all costs and fees, if any, that the Landlord may charge in connection with the Landlord's determination to grant the Landlord's consent to the Assignment of Lease.

6. **THE ESCROW AND THE CLOSING DATE**.

a. **Escrow Holder and Escrow**. Seller shall deposit a fully executed copy of this Agreement with _____; **Telephone**: _____; **Fax**: _____ (the "**Escrow Holder**"), to the attention of _____, immediately following the parties' execution of this Agreement. Delivery of a copy of this Agreement to the Escrow Holder shall constitute the parties'

authorization to the Escrow Holder to proceed with Bulk Sale Escrow Number _____ (the "**Escrow**") with respect to this transaction.

b. **Closing and Closing Date**. Unless extended in writing by Seller and Buyer, the Escrow shall close (the "**Closing**") on _____ (the "**Closing Date**"). The Closing shall take place at the offices of the Escrow Holder at 10:00 A. M. on the Closing Date. If the Closing does not occur on the Closing Date, Seller may terminate this Agreement without any liability to Buyer.

7. **REPRESENTATIONS AND WARRANTIES OF SELLER**.

Seller represents and warrants to Buyer:

a. **Due Incorporation and Authorization**. Seller (i) is duly incorporated, validly existing and in good standing under the laws of the State of California; and (ii) has the power and authority to enter into this Agreement and the documents referenced in this Agreement and to consummate the transactions contemplated by this Agreement and otherwise to perform Seller's obligations under this Agreement. This Agreement has been duly authorized and executed by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

b. **Violation.** The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate any provision of the Articles of Incorporation of Seller; (ii) violate any material court or administrative order, process, judgment or decree to which Seller is a party or by which it (or any of its respective properties or assets) is bound; or (iii) result in the creation or imposition of any material lien, charge, pledge, security interest or other encumbrance upon the Assets pursuant to any provision of, any mortgage, lien, lease, agreement, license or instrument to which Seller is a party or by which Seller is bound.

c. **Consents.** No consent or approval by, or any notification of or filing with, any person (governmental or private) is required in connection with the execution, delivery and performance by Seller of this Agreement or the consummation of the transactions contemplated by this Agreement.

d. **Encumbrances**. Seller has good and marketable title to the Assets, free and clear of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind.

e. **Permits and Licenses**. Seller has all permits, and governmental licenses and registrations (the "**Licenses**") necessary to carry on the business of the Training Facility (as presently conducted) as required by law or the rules and regulations of any federal, state, county or local governmental agency having jurisdiction over it. The Licenses are in good standing and are in full force and effect.

f. **Litigation**. There is no pending, or to the knowledge of Seller, threatened suit, action, arbitration or legal, administrative or other proceeding, against or affecting Seller, the Training Facility, the Assets, the Lease or the Licenses.

g. **No Violation**. Seller has not received notice of any violation of any applicable federal, state or local statute, law or regulation relating to or directly or materially affecting the Assets or the Training Facility and, to the best knowledge of Seller, there are no such violations by Seller.

h. **Lease**. Seller has delivered a full and complete copy of the Lease to Buyer prior to the date of this Agreement. There are no written amendments to the Lease or other agreements between

Seller and the Landlord reflecting the understandings between Seller and the Landlord under the Lease which have not heretofore been delivered to Buyer by Seller. There are no oral amendments or other agreements between Seller and the Landlord which have not been memorialized in a written instrument and expressly agreed to by Seller and the Landlord. Seller has not received notice of any breach or default of any material term or provision of any of the Lease and, to the best knowledge of Seller, Seller is not in breach or in default of any material term or provision of the Lease as of the date of this Agreement. Provided that the consent of the Landlord, if required, has been obtained, Seller has the right to assign the Training Facility Location to Buyer with the written consent of the Landlord and the consummation of the transactions contemplated by this Agreement will not result in or constitute a breach of any material term or provision of the Lease or a default or an event which, with notice or lapse of time or both, would be a default, breach or violation of any material term or provision of the Lease. The Lease is in full force and effect as written and, on the Closing Date, Seller will be in material compliance therewith.

i. **Ownership of Training Facility**. Seller has been the only owner of the Training Facility during the _____ period the Training Facility has been in existence.

8. **REPRESENTATIONS AND WARRANTIES OF BUYER**.

Buyer represents and warrants to Seller:

a. **Authorization**. This Agreement has been duly authorized and executed by Buyer and constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

b. **Violation**. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate any material court or administrative order, process, judgment or decree to which Buyer is a party or by which it (or any of its respective properties or assets) is bound; or (ii) result in the creation or imposition of any material lien, charge, pledge, security interest or other encumbrance upon the Assets pursuant to any provision of, any mortgage, lien, lease, agreement, license or instrument to which Buyer is a party or by which Buyer is bound.

c. **Consents**. No consent or approval by, or any notification of or filing with, any person (governmental or private) is required in connection with the execution, delivery and performance by Buyer of this Agreement or the consummation of the transactions contemplated by this Agreement.

d. **Ownership of the Training Facility**. Buyer has been advised by Seller that Seller has been the only owner of the Training Facility during the _____ period the Training Facility has been in existence.

9. **OTHER AGREEMENTS**.

a. **Condition of Assets**. All Assets sold pursuant to this Agreement are sold "**As Is**". **Seller MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE ASSETS, INCLUDING, BUT NOT LIMITED TO, THOSE WITH RESPECT TO THE CONDITION OF THE ASSETS OR THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR THE LIKE.** There shall be no abatement of the Purchase Price and Seller shall have no liability to Buyer for any claim, loss or damage as a result of any non-operating deficiency or defect in the Assets; the use or performance of the Assets; or any interruption or loss of service or of use of the Assets.

b. **Confidentiality**. Buyer and Seller shall hold in confidence: (i) all documents and information obtained from each other, their employees, agents and independent contractors; (ii) the nature and content of this Agreement and all discussions between Buyer and Seller regarding the transactions contemplated by this Agreement (all of the above shall collectively be referred to herein as "**Confidential Information**"), and shall not disclose or convey any of such Confidential Information to any other person; provided, however, that Buyer and Seller may disclose Confidential Information (x) to such of their potential lenders, employees, attorneys, accountants and financial advisors as is reasonable to facilitate consummation of the transactions contemplated by this Agreement; (y) to the extent any such disclosure is required by law; and (z) to the Landlord and other third parties as necessary to facilitate obtaining such parties' consent to the transfer of Assets under this Agreement.

c. **Sales Tax and Utilities**. Buyer shall pay all sales and/or use taxes arising from the sale of the Assets by Seller to Buyer. All utility and telephone service to the Training Facility shall be discontinued in Seller's name as soon as practicable after the Closing Date. Seller shall transfer such services to Buyer's name so that there is no interruption of such services as a result of the transactions contemplated by this Agreement. Seller shall not be responsible for payment of any related charges effective, in each case, on or after the close of business on the Closing Date. In the event that Seller is required to pay any utility expenses incurred after the Closing Date, Buyer shall reimburse Seller within five (5) business days of Seller's request for such reimbursement. Similarly, if Buyer pays any costs relating to the period prior to Closing Date, Seller shall reimburse Buyer within five (5) business days of Buyer's written request for such reimbursement. In all cases, a party's request for reimbursement shall be accompanied by evidence (reasonably satisfactory to the other) that such party has incurred the expense for which it is requesting reimbursement.

d. **Pre-Closing Credits**. Buyer shall reimburse Seller within five (5) business days of receipt of any retroactive credits or other amounts which all or partially relate to any period prior to the Closing Date (**for example**, a real estate tax credit arising after the Closing Date that relates to the period nine (9) months before and three (3) months after the Closing Date will be reimbursed by Buyer to Seller to the extent of seventy-five percent (75%) of such credit received by Buyer).

e. **Post-Closing Charges.** Seller shall reimburse Buyer within five (5) business days after receiving written notice from Buyer of any charges which all or partially relate to any period prior to the Closing Date and which are not Assumed Liabilities (**for example**, a real estate tax charge received after the Closing Date that relates to the period nine (9) months before and three (3) months after the Closing Date will be reimbursed by Seller to the extent of seventy-five percent (75%) of the bill).

f. **Prorations**. All rents, sewer charges, water charges, public utility charges, real and personal property taxes levied or assessed against the Assets and the Training Facility and other items that are customarily prorated between a seller and a buyer of a business shall be prorated between Seller and Buyer as of the Closing Date and shall be paid by Seller or Buyer, as the case may be, on the Closing Date.

g. **Insurance Coverage**. Buyer shall be solely responsible for obtaining and maintaining public liability insurance from a responsible insurance company licensed to do business in the state in which the Training Facility Location is located during the entire term of the Franchise Agreement and the Lease in amounts not less than those required by the Franchise Agreement and the Lease. On the Closing Date and at least ten (10) days prior to the time any insurance is first required to be carried by Buyer, and thereafter, at least thirty (30) days prior to the expiration of any policy, Buyer shall deliver to Seller, Franchisor and the Landlord, Certificates of Insurance evidencing the proper types and minimum amounts of required coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor and the Landlord in the event of material alteration to or cancellation or

non-renewal of the coverages evidenced by such Certificates. Certificates evidencing the required insurance shall name Franchisor and the Landlord, and each of their affiliates, partners, shareholders, directors, agents, members and employees as additional insureds and as additional loss payees, and shall expressly provide that any interest of each shall not be affected by any breach by Buyer of any policy provisions for which such Certificates evidence coverage.

10. **CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE**.

The obligation of Buyer to purchase the Assets is subject to the receipt by Buyer of duly executed originals of this Agreement, the Franchise Agreement, the Assignment of Lease and a Bill of Sale for the Assets in the form of **Exhibit G** attached to this Agreement.

11. **CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE**.

The obligations of Seller to sell the Assets on the Closing Date is subject to the satisfaction by Buyer of all of the conditions set forth in this Section 11.

a. **Receipt on the Closing Date**. On or before the Closing Date:

(i) Seller shall have received two (2) duly executed originals of the Assignment of Lease in substantially the form of **Exhibit F** attached to this Agreement as required by Section 5 of this Agreement.

(ii) Seller shall have received two (2) duly executed originals of the Franchise Agreement, in substantially the form of **Exhibit C** attached to this Agreement, and all related collateral documents.

(iii) Seller shall have received two (2) duly executed originals of a General Release in a form prescribed by Seller.

(iv) Seller shall have received the remainder of the Purchase Price from the Escrow Holder.

(v) Seller and Franchisor shall have received Certificates of Insurance evidencing the proper types and minimum amounts of required coverage as provided in Section 9(g) of this Agreement, the Franchise Agreement and the Lease.

(v) Seller shall have received such other documents as Seller may reasonably require to consummate the transaction contemplated by this Agreement.

12. **INDEMNIFICATION**.

a. **Indemnification by Seller**. Seller shall indemnify, defend and hold Buyer free and harmless from and against any and all "**Losses**" (as defined in Section 12(c) below), which Buyer shall incur or suffer which arise or result from the operation or conduct of the business of the Training Facility by Seller at any time before the Closing Date, from Seller's Liabilities and from any breach of Seller's representations, warranties or covenants contained in this Agreement.

b. **Indemnification by Buyer**. Buyer shall indemnify, defend and hold Seller free and harmless from and against any and all Losses which Seller shall incur or suffer which arise or result from the operation or conduct of the Training Facility by Buyer at any time after the Closing Date and from any breach of Buyer's representations, warranties or covenants contained in this Agreement.

c. **Losses**. For purposes of this Agreement, "**Losses**" shall mean any and all obligations, liabilities, costs (including reasonable attorneys' fees), expenses, damages and losses actually incurred by a party entitled to indemnification under Section 12(a) and Section 12(b) of this Agreement, net of any insurance proceeds and material tax adjustments, benefits, savings or reductions to which such party is entitled by virtue of such obligations, liabilities, costs, expenses, damages and losses; provided however, that "**Losses**" exclude all consequential damages of any kind (including, but not limited to, loss of revenue or income, cost of capital or loss of business reputation or opportunity).

d. **Obligations of Indemnified Party**. A party entitled to indemnification under the provisions of this Section 12 (the "**Indemnitee**") shall promptly notify the indemnifying party (the "**Indemnitor**") of the existence of any claim, demand, or other matter to which the Indemnitor's indemnification obligations would apply and shall give the Indemnitor a reasonable opportunity to defend or pay the same at the Indemnitor's own expense and with counsel of Indemnitor's own selection. The Indemnitee shall at all times have the right to fully participate in the defense of any claim at the Indemnitee's own expense. If the Indemnitor shall, within a reasonable time after this notice, fail to pay or defend, Indemnitee shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), the claim or other matter on behalf, for the account, and at the risk, of the Indemnitor. If the claim is one that cannot by its nature be defended solely by the Indemnitor, then the Indemnitee shall make available all information and assistance that the Indemnitor may reasonably request for this purpose.

e. **Mitigation**. Each Indemnitee shall be obligated in connection with any claim for indemnification under this Section 12 to use commercially reasonable efforts to mitigate Losses upon and after becoming aware of any event which could reasonably be expected to give rise to such Losses.

13. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**.

All representations, warranties, covenants and agreements of the parties contained in this Agreement, or in any instrument or other writing provided for in this Agreement, shall survive the Closing Date.

14. **GOVERNING LAW AND VENUE**.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for purposes of any actions brought in connection with or arising out of this Agreement shall be conclusively presumed to be in the State of California, County of Riverside.

15. **GENERAL**.

a. **Notices**. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one (1) business day after electronic transmission, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Seller: Self Made Training Facility, Inc.
42265 Winchester Road
Temecula, California 92590
Attention: President
Facsimile No.: _____

If to Buyer: _____
_____
_____
Attention: _____
Facsimile No: _____

Any party may change his or its address by giving ten (10) days prior written notice of such change to all other parties.

b. **Waiver and Delay**. No waiver by Seller of any default or series of defaults in performance by Buyer, and no failure, refusal or neglect of Seller to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Buyer's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent default thereof or a waiver by Seller of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

c. **Successors and Assigns; Benefit**. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Seller and Buyer and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained herein. This Agreement is for the benefit of the parties only, and is not intended to and shall not confer any rights or benefits upon any person who is not a party hereto.

d. **Entire Agreement**. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations Franchisor made to Buyer in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Buyer.

e. **Titles For Convenience**. Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

f. **Exhibits; Gender and Construction**. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any article or Section hereof may require. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, 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 parties hereto.

g. **Severability**. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. If any Section of this Agreement shall be held to be indefinite,

invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

h. **Counterparts and Electronic Transmissions; Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

i. **Attorneys' Fees**. If either party to this Agreement shall bring any action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such action or proceeding.

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date first shown above.

SELLER:

SELF MADE TRAINING FACILITY, INC.,
A California corporation

By: _____

Name: _____

Title: _____

BUYER:

By: _____

Name: _____

Title: _____

EXHIBITS

EXHIBIT A	**LEASE**
EXHIBIT B	**ASSETS**
EXHIBIT C	**FRANCHISE AGREEMENT**
EXHIBIT D	**ALLOCATION OF PURCHASE PRICE**
EXHIBIT E	**ASSUMED LIABILITIES**
EXHIBIT F	**ASSIGNMENT OF LEASE**
EXHIBIT G	**BILL OF SALE**

EXHIBIT A

LEASE

EXHIBIT B

ASSETS

EXHIBIT C

FRANCHISE AGREEMENT

EXHIBIT D

ALLOCATION OF PURCHASE PRICE

EXHIBIT E

ASSUMED LIABILITIES

EXHIBIT F

ASSIGNMENT OF LEASE

ASSIGNMENT AND ASSUMPTION OF LEASE AND LANDLORD'S CONSENT

This Assignment and Assumption of Lease and Landlord's Consent (this "**Assignment**") is made and entered into this ____ day of _____ (the "**Effective Date**"), by and between **SELF MADE TRAINING FACILITY, INC.**, a California corporation ("**Assignor**"), _____ ("**Assignee**"), and _____ ("**Landlord**").

A. Landlord and Assignor are parties to that certain Lease dated _____ ("**Lease**") whereby Landlord leases to Assignor and Assignor leases from Landlord that certain retail space consisting of approximately _____ square feet located at _____ (the "**Premises**").

B. Assignor desires to assign its rights as tenant under the Lease to Assignee and Assignee desires to assume the tenant's obligations under the Lease, all subject to the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee and Landlord enter into and execute this Assignment.

1. **Assignment, Assumption and Indemnity**.

1.1 Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's rights, title and interest under the Lease. Assignee accepts such assignment, hereby assumes all obligations of the tenant arising under Lease after the Effective Date.

1.2 Assignor agrees to indemnify, defend and hold harmless Assignee from and against all claims, suits, actions, causes, damages, fees (including, but not limited to attorneys' fees and court costs) and liabilities related to, with respect to, or in connection with (a) any breach of the Lease by Assignor prior to the Effective Date and (b) the use and occupancy of the Premises by Assignor prior to the Effective Date.

1.3 Assignee agrees to indemnify, defend and hold harmless Assignor from and against all claims, suits, actions, causes, damages, fees (including, but not limited to attorneys' fees and court costs) and liabilities related to, with respect to, or in connection with (a) any breach of the lease by Assignee after the Effective Date; and (b) the use and occupancy of the premises by Assignee after the Effective Date.

2. **Landlord's Consent**. Landlord consents to the assignment and the assumption of the Lease as provided in this Assignment. Assignor and any guarantors of the Lease shall be released from their obligations and liabilities under the Lease following the Effective Date.

3. **Miscellaneous**.

3.1 **Headings**. All article and paragraph titles or captions are for convenience only and shall not be deemed a part of this Assignment.

3.2 **Entire Agreement**. This Assignment is the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements between the parties hereto with respect thereto.

3.3 **Counterparts**. This Assignment may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

3.4 **Severability**. If any term, covenant, condition or provision of this Assignment is held by a court of competent jurisdiction to be invalid, void or unenforceable, the balance of this Assignment shall remain in full force and effect and shall not be affected, impaired or invalidated by reason of the invalidity, voidability or unenforceability of such other provision.

3.5 **Governing Law**. This Assignment shall be construed and enforced in accordance with the laws of the State of California.

3.6 **Attorneys' Fees**. In the event that any party hereto commences legal proceedings to enforce or interpret any provision of this Assignment, the prevailing party shall be entitled to recover from the non-prevailing party its attorneys' fees and costs incurred in connection therewith.

3.7 **Amendments in Writing**. No amendment or modification of this Assignment shall be valid unless the amendment or modification is in writing and signed by Assignor and Assignee.

3.8 **Successors and Assigns**. This Assignment shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, Assignor and Assignee have entered into this Assignment effective as of the Effective Date.

ASSIGNOR:

SELF MADE TRAINING FACILITY, INC.,
A California corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

By: _____
Name: _____
Title: _____

LANDLORD:

By: _____
Name: _____
Title: _____

EXHIBIT G
BILL OF SALE

BILL OF SALE

Pursuant to and in accordance with that certain Asset Purchase Agreement dated _____, 20__ (the "**Asset Purchase Agreement**"), by and between **SELF MADE TRAINING FACILITY, INC.**, a California corporation ("**Seller**"), on the one hand, and _____ ("**Buyer**"), on the other hand, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby sells, conveys, transfers, assigns and delivers to Buyer the assets (the "**Assets**") of the Training Facility located at _____ _____, as set forth in Section 2 of the Asset Purchase Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale as of _____, 20__.

SELLER:

SELF MADE TRAINING FACILITY, INC.,
A California corporation

By: _____

Name: _____

Title: _____

EXHIBIT G

SECURED PROMISSORY NOTE

SECURED PROMISSORY NOTE

$_____ _____, 20___

FOR VALUE RECEIVED, _____ ("Maker"), hereby promises to pay to Kollusion Fitness Products Inc., a California corporation ("Holder"), at 42265 Winchester Road, Temecula, California 92590, or at such other place as Holder may from time to time designate in writing, the principal sum of _____ _____ Dollars ($_____), with interest on the unpaid principal balance of this Secured Promissory Note ("Note") from the date of this Note until paid in full at the rate of ___ percent (___%) per annum ("Interest Rate").

1. Payment. Principal and interest under this Note are payable in ____ equal monthly installments, each in the amount of _____Dollars ($_____). Maker shall make each payment to Holder on the third day of each month following the date of this Note. On _____, the entire unpaid principal balance of this Note, together with accrued interest, shall be due and payable.

2. Prepayment. This Note is prepayable, in whole or in part, at any time by Maker upon thirty (30) days' written notice to Holder; provided, however, that, concurrently with such prepayment, Maker shall pay Holder any prepayment penalties and other charges that will be incurred by Holder under any loan arrangements with its lenders as a result of any corresponding prepayment by Holder of any such loans.

3. Security. This Note is secured by a Security Agreement dated _____, 20__ ("Security Agreement") which encumbers certain personal property described therein.

4. Late Charge and Default Rate. Maker recognizes that any default in the payment of any installment of principal or interest due hereunder will result in losses and additional expenses to Holder in servicing the indebtedness evidenced hereby, handling such delinquent payments and meeting its financial obligations, and that the damages caused thereby would be extremely difficult and impractical to ascertain. Therefore, if any installment of principal or interest due hereunder becomes overdue for a period more than five (5) days, a late charge of ten percent (10%) of the delinquent amount may be charged by Holder, at its option, to defray such losses and expenses. If applicable law requires a lesser charge, the maximum rate permitted by law may be charged. Any late charge that accrues during a month shall be payable on the next monthly payment date. Maker agrees that the payment of the late charge set forth in this Paragraph 4 is a reasonable estimate of the damage to Holder in the event of a late payment. The late fee provided in this Paragraph shall be payable in addition to all other remedies of Holder hereunder, at law or in equity.

5. Acceleration. If Maker fails to pay any installment of principal or interest within five (5) days after the same is due, or if any other default occurs under this Note, the Security Agreement or any other Franchise Document (as defined in the Security Agreement), the entire unpaid principal balance, accrued interest and other sums payable hereunder shall, at the option of Holder, become immediately due and payable without demand or notice.

6. Application of Payments; No Setoffs. Each payment hereunder shall be credited first upon interest then accrued and the remainder, if any, upon principal; interest shall cease to accrue upon principal so credited. All sums payable hereunder or under the Security Agreement shall be payable without offset, demand, abatement or counterclaim of any kind or nature whatsoever, all of which are hereby waived by Maker. Principal and interest shall be payable in lawful money of the United States of America.

7. Calculation of Interest Rate. All agreements between Maker and Holder are expressly limited so that in no event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of the maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to Holder for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. In the event performance of any obligation of Maker under this Note, the Security Agreement or any other document referred to herein shall require the payment of interest in excess of such highest lawful rate, then such obligation shall, automatically and retroactively to the date of this Note, be deemed reduced to the highest lawful rate permissible under applicable usury laws. If Holder ever receives as interest an amount which would exceed such highest lawful rate, the amount of excessive interest shall not be applied to the payment of interest, but shall, automatically and retroactively to the act of payment, be applied to the reduction of the unpaid principal balance due hereunder, and, if and to the extent such amount of excessive interest exceeds such principal balance, be immediately returned by Holder to Maker without interest. This provision shall control every other provision of all agreements between Maker and Holder.

8. Waiver. Maker and all other parties who may be directly or indirectly liable hereunder waive (a) presentment, protest and demand, diligence in collection and notice of protest, presentment, demand, dishonor and nonpayment of this Note and (b) any release or discharge arising from any extension of time, discharge of any party liable for payment of this Note, release of any or all of the security for this Note, or other cause of release or discharge other than actual payment in full of this Note.

9. No Waiver. Holder shall not be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as a bar to or waiver of any right or remedy as to any subsequent event. No delay or omission of Holder to exercise any right, whether before or after a default hereunder, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by Holder of any past-due amount shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or thereafter due and payable.

10. Severability. Any provision of this Note which may be prohibited by law or otherwise held invalid shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective the remaining provisions of this Note.

11. Choice of Law. This Note, and the rights and obligations hereunder of each of the parties hereto, shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflicts of law.

12. Successors and Assigns. The terms, covenants and conditions contained herein shall be binding upon the heirs and successors of Maker and shall inure to the benefit of the successors and assigns of Holder.

13. Costs and Expenses. If any amount under this Note is not paid when due, Maker promises to pay immediately upon demand all costs and expenses of collection, including without limitation actual attorneys' fees, incurred by Holder to enforce the terms of this Note and/or the Security Agreement.

14. Venue and Jurisdiction. Maker agrees that any suit, action or proceeding arising out of or relating to this Note, or the interpretation, performance or breach of this Note, may be instituted in the United States District Court for the Central District of California or any court of the State of California

located in Riverside County, and Maker irrevocably submits to the jurisdiction of those courts and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of California or otherwise in those courts in any such suit, action or proceeding. The provisions of this paragraph shall not be deemed to preclude Holder from filing any suit, action or proceeding in any other appropriate forum.

15. Assignment. Holder may assign this Note and any security for this Note (or any interest therein) without notice to Maker or the consent of Maker. Maker shall have no right or power to assign or delegate any obligations under this Note.

16. Entire Agreement. This Note contains all of the terms and conditions agreed on by Maker and Holder with respect to the subject matter of this Note. This Note supersedes all prior negotiations, discussions, correspondence and agreements between Maker and Holder on its subject. This Note cannot be modified or changed except by written instrument signed by Maker and Holder.

17. Miscellaneous. If this Note is executed by more than one person or entity as Maker, the obligations of each such person or entity shall be joint and several. Each right, power and remedy of Holder provided in this Note, the Security Agreement, any other document securing this Note or at law, in equity or otherwise shall be cumulative and may be pursued singularly, successively or together at the sole discretion of Holder, and the failure to exercise any such right, power or remedy shall in no event be construed as a waiver or a release thereof.

(Signature Page Follows)

Time is of the essence with respect to each and every provision hereof in which time is a factor.

MAKER

_____

By:_____

_____
Print Name

_____
Title

EXHIBIT H

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made and entered into as of _____, 20__, by and between _____, as debtor (the "Franchisee"), and Kollusion Fitness Products Inc., a California corporation, as secured party ("KFP").

RECITALS

A. SMTF Franchising, Inc., a California corporation (the "Franchisor") has agreed to enter into a Franchise Agreement (the "Franchise Agreement") dated _____, 20___ with Franchisee pertaining to the operation of a Self Made Training Facility located at _____ (the "Premises").

B. In connection with the transactions contemplated under the Franchise Agreement, the Franchisor's affiliate, KFP, has agreed to loan the Franchisee $_____ and the Franchisee has agreed to execute a Secured Promissory Note ("Promissory Note") dated _____, 20__ in favor of KFP to evidence its obligation to repay the loan.

C. To induce the Franchisor to enter into the Franchise Agreement and for KFP to make such a loan, the Franchisee has agreed to enter into this Security Agreement with KFP to secure its payment obligation under the Promissory Note.

AGREEMENT

Accordingly, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. GRANT OF SECURITY INTEREST

1.1 Grant of Security Interest. The Franchisee hereby grants, assigns and transfers to KFP a continuing security interest in all of the Franchisee's right, title and interest in and to the property described in Exhibit A attached hereto and incorporated herein, whether presently held or owned by the Franchisee or hereafter acquired (the "Collateral"), to secure the Secured Obligations (as defined in Section 2.1).

2. SECURED OBLIGATIONS

2.1 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the prompt payment in full when due of all obligations and indebtedness of the Franchisee to KFP under the Promissory Note , whether for principal, interest, fees, expenses, or otherwise, whether now existing or hereafter owing or incurred or created, whether voluntary or involuntary, whether due or not due, or whether absolute or contingent (all such obligations of the Franchisee to KFP are referred to herein as the "Secured Obligations").

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Franchisee. The Franchisee hereby represents and warrants to KFP that the following statements are true, correct and complete as of the date of this Security Agreement:

(a) The Franchisee's Address. The Franchisee's place of business or, if it has more than one place of business its chief executive office, is located at _____, _____.

(b) Owner of Collateral. The Franchisee is the true and lawful owner of the Collateral free from any adverse lien, security interest or encumbrance of any kind whatsoever.

(c) Validity and Priority of Security Interest. This Security Agreement creates a valid security interest in favor of KFP in the Collateral which security interest shall, when perfected, be and remain superior and prior in right to all claims of creditors of the Franchisee and to all other security interests, liens and encumbrances in respect of the Collateral.

(d) Name of the Franchisee. Unless the Franchisee notifies KFP and the Franchisor in writing to the contrary, the Franchisee does not presently conduct, and has not conducted, its business under any name or style other than its name set forth on the first page of this Security Agreement.

(e) Condition of Collateral. As of the date of this Security Agreement, the Collateral is in good repair, working order and condition and is located at the Premises.

(f) Genuineness of Accounts. Each Account (as defined in Exhibit A) and all documents pertaining thereto are genuine in all respects and reflect a correct statement of bona fide indebtedness incurred by the account debtor and the amount thereof is not subject to any offset, counterclaim or any contingency whatever.

4. COVENANTS

4.1 Covenants by the Franchisee. Until the payment in full of all the Secured Obligations due and owing, the Franchisee hereby covenants with KFP that:

(a) Change of Address. The Franchisee shall notify KFP prior to changing (i) its place of business or its chief executive office from the location set forth in Section 3.1(a) of this Security Agreement, or (ii) its name from the name set forth on the first page of this Security Agreement or its trade name or style, if any.

(b) Condition of Collateral. The Franchisee at all times shall maintain the Collateral in good repair, working order and condition, normal wear and tear excepted, and shall, from time to time, make or cause to be made, all needed and proper replacements, repairs, renewals and improvements so that the efficiency and value of the Collateral shall not be impaired.

(c) Collateral List. The Franchisee at all times shall keep accurate and complete records with respect to the Collateral, including an up-to-date list describing all items of the Collateral in reasonable detail and incorporating serial numbers or other available forms of identification of such items, if available, and agrees that the representatives of the Franchisor and/or KFP shall have the right, at any time during normal business hours or any other reasonable time, and from time to time, to call at the Franchisee's place or places of business where the Collateral or any part thereof may be held or located or the records pertaining to the Collateral may be kept and to inspect the Collateral and/or examine or cause to be examined such records and to make abstracts therefrom or copies thereof. In addition, the Franchisee shall furnish the Franchisor and KFP with periodic reports as to the Collateral, in such form and detail and at such times as the Franchisor or KFP may reasonably require.

(d) Additional Filings. The Franchisee shall cooperate with KFP in preparing, executing and filing all financing statements, continuation statements and instruments necessary to provide KFP continuously with a prior perfected security interest in the Collateral. In addition, the Franchisee shall prepare, execute and file certificates of legal ownership and all other required instruments with the California Department of Motor Vehicles pursuant to Sections 6300, et seq., of the California Vehicle Code (the

"Vehicle Code") with respect to all items of Collateral which constitute motor vehicles within the meaning of such Vehicle Code evidencing the lien hereof for the purpose of providing KFP with a prior perfected security interest in such items of Collateral and shall obtain such documentation of title as may be issued by the California Department of Motor Vehicles with respect to such items of Collateral and shall deliver the same to KFP. The Franchisee shall furnish to KFP upon request copies of any financing statements, certificates of legal ownership or other instruments creating and perfecting a security interest of KFP in the Collateral.

(e) Collateral Removal or Sale. The Franchisee shall not (i) remove or permit the removal of any item or portion of the Collateral from the Premises, or (ii) sell, trade-in, exchange or otherwise dispose of any item or portion of the Collateral without the prior written consent of KFP.

(f) Collateral Transfer. During the term of this Security Agreement, the Franchisee shall neither assign nor otherwise transfer any of the Collateral to any other person or entity.

(g) Further Encumbrances. During the term of this Security Agreement, the Franchisee shall neither create nor permit to be created any lien, encumbrance or security interest of any kind on any of the Collateral, other than such liens, encumbrances or security interests as may be agreed to by KFP in writing.

(h) Collateral to Remain Personal Property. The Franchisee acknowledges and agrees that all of the Collateral is and will remain personal property, notwithstanding the manner of its annexation to any real property and its adaptability to the uses and purposes for which any such real property is now or may hereafter be used, and no present or future real property lease entered into by the Franchisee as lessee will grant the lessor therein any rights to the Collateral or prohibit its removal, whether or not the Franchisee is in default under the lease, and the Franchisee, upon KFP's request, will deliver to KFP such waivers and consents from any such lessor and from any encumbrancer of any real property on which any Collateral may be located as KFP may request.

(i) Defense of Title. The Franchisee, at its sole expense, will appear in and defend any and all actions and proceedings affecting title to the Collateral or any part thereof, or affecting the security interest of KFP therein.

(j) Insurance. The Franchisee shall maintain at all times with respect to the Collateral insurance against risks of fire, so-called extended coverage, sprinkler leakage, and other risks customarily insured against by companies engaged in similar business to that of the Franchisee in amounts, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to KFP with loss payable solely to KFP. All policies of insurance shall provide for a 20-day written cancellation notice to KFP. In the event of failure to maintain such insurance, KFP may, at its option, obtain such insurance as KFP may require at the expense of the Franchisee. The Franchisee shall furnish to KFP certificates or other evidence satisfactory to KFP of compliance with the foregoing provisions. In the event KFP takes possession of the Collateral, the insurance policy or policies and any unearned or returned premium thereon and the proceeds thereof, shall, at the option of KFP become the sole property of KFP, such policies and the proceeds thereof being hereby assigned to KFP.

(k) Further Assurances. The Franchisee will execute and deliver to KFP any and all additional instruments or documents and do all things which KFP from time to time may reasonably deem necessary or convenient to carry into effect the provisions of this Security Agreement.

5. EVENTS OF DEFAULT AND REMEDIES

5.1 Events of Default. The occurrence of any of the following events is an "Event of Default" hereunder:

(a) Failure to Pay. The Franchisee fails to pay when due any of the Secured Obligations secured by this Security Agreement.

(b) Misrepresentation. Any representation or warranty made by the Franchisee (or any of its officers) in any certificate, instrument, financial statement or other document delivered in connection with this Security Agreement or in this Security Agreement shall be false or misleading in any material respect on or as of the date deemed made.

(c) Default Under Security Agreement. The Franchisee fails to perform or observe any term, covenant or condition contained in this Security Agreement and not otherwise identified as an Event of Default in this Section 5.1, and such failure remains unremedied for 5 days after notice thereof is given to the Franchisee by KFP.

(d) Default Under Other Agreements. The Franchisee fails to perform or observe any of the covenants, terms, provisions, conditions, agreements or obligations arising under the Franchise Agreement or any lease, sublease, contract for sale of assets, promissory note, security agreement or other document or instrument relating in any manner to the transactions contemplated under the Franchise Agreement or the sale of any business related thereto (as such documents and instruments may be amended or modified from time to time), whether between Franchisee and Franchisor, KFP and/or Franchisor's other affiliates or executed by Franchisee in favor of Franchisor, KFP and/or Franchisor's other affiliates or otherwise, and whether now in existence, executed concurrently herewith, or executed in the future (collectively, the "Franchise Documents").

(e) Dissolution; Termination of Business. The election by Franchisee to dissolve or liquidate the Franchisee or the termination of the business of the Franchisee.

(f) Judgments. Any money judgment, writ of attachment or similar process shall be entered or filed against the Franchisee or any of its properties or other assets which, in KFP's opinion, materially impairs the ability of the Franchisee to meet its obligations to KFP.

(g) Financial Information. The Franchisee fails to provide KFP any financial information within a reasonable time after KFP's request.

(h) Validity of Security Agreement Contested. This Security Agreement shall cease to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Franchisee, or the Franchisee shall deny that it has any or further liability or obligation under this Security Agreement.

(i) Security Interest. The Franchisee fails to take such action as is necessary to provide KFP continuously with a prior perfected security interest in the Collateral.

(j) Involuntary Proceedings. Without the application or consent of the Franchisee, (i) a receiver, trustee, custodian or similar officer is appointed for the Franchisee or for any substantial part of its property, or (ii) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings under the laws of any jurisdiction is instituted (by petition,

application or otherwise) against the Franchisee and such appointment or proceedings remain unstayed or undismissed for a period of 60 days.

(k) Voluntary Proceedings. The Franchisee (i) admits in writing its inability to pay its debts when due, or (ii) makes an assignment for the benefit of creditors, or (iii) applies for or consents to the appointment of any receiver, trustee, custodian, or similar officer for the Franchisee or for any substantial part of its property, or (iv) institutes (by petition, application, or otherwise) or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation, or similar proceedings under the laws of any jurisdiction against the Franchisee or (v) approves or adopts any resolution or otherwise authorizes action to approve any of the foregoing.

5.2 Remedies upon Event of Default.

(a) Acceleration. Upon the occurrence and during the continuance of an Event of Default under Section 5.1(j) or (k), without further act, all Secured Obligations and all amounts owing under this Security Agreement shall automatically accelerate and become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything herein or in any other Franchise Document to the contrary notwithstanding. Upon the occurrence and during the continuance of an Event of Default under Section 5.1(a), (b), (c), (d), (e), (f), (g), (h) or (i), unless such Event of Default shall have been waived in writing by KFP, all Secured Obligations and all amounts owing under this Security Agreement, shall automatically accelerate and become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything herein or in any other Franchise Document to the contrary notwithstanding.

(b) Other Remedies. In addition to the foregoing and all other rights and remedies that KFP may have under applicable law or in equity, upon the occurrence and during the continuance of an Event of Default, KFP shall have, in any jurisdiction where enforcement hereof is sought, all rights and remedies of a secured party under the California Uniform Commercial Code (the "Code") and, in addition, the following rights and remedies, all of which, except as otherwise specified herein or required by law, may be exercised with or without notice to the Franchisee and without affecting the Secured Obligations of the Franchisee or the enforceability of the security interest created hereby:

(i) to foreclose the liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process;

(ii) to secure, protect, insure, inventory, appraise, inspect, repair, preserve, store, prepare, and process, the Collateral and enter upon any premises where any Collateral may be located for any such purpose;

(iii) to require the Franchisee to assemble the Collateral and make it available to KFP at places that KFP may reasonably designate, whether at the premises of the Franchisee or elsewhere;

(iv) to sell, assign, lease or otherwise dispose of any Collateral, or any part thereof, either at public or private sale, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to KFP;

(v) to enter upon any premises where the same may be located and remove therefrom any and all Collateral, and KFP may, at the cost and expense of the Franchisee, use such of its supplies, equipment, facilities and space at the Franchisee's place of business as may reasonably be necessary or appropriate to properly administer, process, store, repair, control, prepare for sale or disposition and/or sell or

dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and KFP shall be deemed to have a rent-free tenancy of any premises of the Franchisee for such purposes and for such periods of time as reasonably required by KFP;

(vi) to make such payments and do such acts as KFP may deem necessary to protect its security interest in the Collateral and perform any obligation of the Franchisee under this Security Agreement; and

(vii) to exercise all other rights, powers, privileges, and remedies of an owner of the Collateral, all at KFP 's sole option and as KFP in its sole discretion may deem advisable.

(c) Possession of Collateral. Upon the occurrence and during the continuance of an Event of Default, KFP shall have the right, without notice or demand, either in person, by agent or by a receiver to be appointed by a court (and the Franchisee hereby expressly consents upon the occurrence of an Event of Default to the appointment of such a receiver), and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, revenues, income and proceeds therefrom. Taking possession of the Collateral shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by such court.

(d) Sale of the Collateral. Any public or private sale or other disposition of the Collateral may be held at any office of KFP where such sale may be commercially reasonable, or at the Franchisee's place of business, or at any other place permitted by applicable law, and without the necessity of the Collateral being within the view of prospective purchasers. KFP may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine, and the Franchisee expressly waives any right to direct the order and manner of sale of any Collateral. KFP or any person on KFP's behalf may bid and purchase at any such sale or other disposition.

(e) Notice of Sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, KFP will send to the Franchisee reasonable written notice of the date, time and place of any public sale thereof or of the time and date on or after which any private sale thereof is to be made. The requirement of sending reasonable notice conclusively shall be met if such notice is given by any of the methods set forth in Section 7.21 at least 5 days before the date of the sale. The Franchisee expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations (other than any publication required by applicable law) except as expressly provided for in this Section 5.2(e).

(f) Nature of Sale. Upon the consummation of any sale of Collateral, KFP shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of the Franchisee or any other person, and the Franchisee hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and appraisal that it now has or may at any time in the future have under any rule of law or statute now existing or hereinafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, KFP shall not be required to apply any portion of the sale price to the Secured Obligations until such amount actually is received by KFP, and any Collateral so sold may be retained by KFP until the sale price is paid in full by the purchaser or purchasers thereof. KFP shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

(g) Cumulative Remedies. KFP shall have the right to enforce one or more remedies hereunder successively or concurrently, and any such action shall not estop or prevent KFP from pursuing any further remedy that it may have hereunder or by law.

5.3 Application of Proceeds. The net cash proceeds resulting from the collection (including any collection of insurance proceeds), liquidation, sale, lease or other disposition of the Collateral shall be applied, first to the reasonable expenses (including, without limitation, attorneys' fees and disbursements) of retaking, holding, storing, processing, repairing and preparing for sale or lease, selling, leasing, collecting, liquidating and the like, and then to the satisfaction of the other Secured Obligations in such order as shall be determined by KFP in its sole and absolute discretion. The Franchisee shall pay to KFP on demand any deficiency with regard thereto that may remain after any sale, disposition, collection or liquidation of the Collateral. Any surplus held by KFP after payment in full of all Secured Obligations shall be remitted to the Franchisee.

6. KFP APPOINTED ATTORNEY-IN-FACT

6.1 Appointment. The Franchisee hereby irrevocably nominates and appoints KFP as its attorney-in-fact with full power of substitution, for all or any of the following purposes:

(a) Protection of Collateral. To do all acts and things that KFP may deem necessary or advisable to perfect and continue to perfect the security interest created by this Security Agreement and, upon the occurrence of an Event of Default, to preserve, process, develop, maintain, repair and protect the Collateral.

(b) Acts Under This Security Agreement. Upon the occurrence of an Event of Default, to do any and every act that the Franchisee is obligated to do under this Security Agreement, at the expense of the Franchisee and without any obligation to do so.

(c) Collateral Documentation. To prepare, sign, file and/or record, for the Franchisee, in the name of the Franchisee, any financing statement, continuation statement, application for registration or like paper, and to take any other action deemed by KFP necessary or desirable to perfect or maintain perfected its security interest in the Collateral.

(d) Title Transfer. Upon the occurrence of an Event of Default, to sign any certificate of ownership, registration card, application therefor, affidavits or documents necessary to transfer title to any of the Collateral and to receive and acknowledge receipt of all licenses, registration cards and certificates of ownership.

(e) Sign Name of the Franchisee; Other Acts. Upon the occurrence of an Event of Default, to receive, open and dispose of all mail addressed to the Franchisee; to endorse the name of the Franchisee on any notes, acceptances, checks, drafts, money orders or other remittances; to endorse the name of the Franchisee on any invoice, freight or express bill or bill of lading, storage receipt, warehouse receipt or other instrument or document in respect to any account or invoice; to sign the name of the Franchisee to drafts against debtors, assignments or verifications of accounts and notices to account debtors; to station a representative of KFP on the premises of the Franchisee for the purpose of taking any of the actions described in this paragraph, including, but not limited to, taking possession of books and records relating to the accounts referred to herein, and to do all other acts and things necessary or desirable to carry out the intent of this Security Agreement and to preserve and protect the Collateral and KFP's security interest therein; provided, however, that KFP shall be under no obligation whatsoever to take any of the foregoing actions, and, absent bad faith or actual malice, KFP shall have no liability or responsibility for any act taken or omitted to be taken with respect thereto.

7. MISCELLANEOUS

7.1 Expenses. The Franchisee will upon demand pay to KFP the amount of any and all reasonable advances, charges, costs and expenses, including the fees and expenses of its counsel (including the allocated costs of in-house counsel) and of any experts or agents, that KFP may incur in connection with (a) the creation, perfection and continuation of KFP's security interest in the Collateral and the protection of the Collateral, including, without limitation, the discharging of any prior or subsequent lien or adverse claim against the Collateral or any part thereof, (b) the custody or preservation or sale of, collection from, or other realization upon, any of the Collateral, (c) the exercise or enforcement of any of the rights, powers or remedies of KFP under this Security Agreement, or in equity or by law (including, but not limited to, counsel fees and expenses incurred by KFP in connection with the operation, maintenance or foreclosure of any and all of the Collateral), (d) any workout, restructuring or similar arrangement of the Franchisee, or (e) the failure by the Franchisee to perform or observe any of the provisions of this Security Agreement. Any such amounts payable as provided hereunder or thereunder shall be payable, with interest to the extent provided in Section 7.3, on demand, and shall be additional Secured Obligations secured by the Collateral.

7.2 Indemnity. In addition to the payment of expenses pursuant to Section 7.1, the Franchisee agrees to indemnify, defend, exonerate, pay and hold KFP and the agents of KFP (the "Indemnitees") harmless from and against any and all transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Security Agreement, and any and all liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, and reasonable costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel, including the allocated costs of in-house counsel, to KFP and expert witness fees and disbursements) for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitee shall be designated a party thereto, that may be imposed on, incurred by or asserted against such Indemnitee, in any manner arising out of or in connection with this Security Agreement (the "Indemnified Liabilities"). Notwithstanding the foregoing, "Indemnified Liabilities" shall not include liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, costs, expenses and disbursements to the extent caused by or resulting from the willful misconduct or negligence of any Indemnitee.

Each Indemnitee will promptly notify the Franchisee of each event of which it has knowledge that may give rise to a claim under this Section 7.2. If any investigative, judicial or administrative proceeding arising from any of the foregoing is brought against any Indemnitee indemnified or intended to be indemnified pursuant to this Section 7.2, the Franchisee, to the extent and in the manner directed by the Indemnitee or intended Indemnitee, will resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Franchisee (which counsel shall be satisfactory to the Indemnitee or intended Indemnitee). Each Indemnitee will use its best efforts to cooperate in the defense of any such action, writ or proceeding. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Franchisee shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

The obligations of the Franchisee under this Section 7.2 shall survive the termination of this Security Agreement.

7.3 Interest. All amounts required to be paid to KFP by the Franchisee pursuant to the provisions of this Security Agreement (including, without limitation, pursuant to Sections 7.1 and 7.2 hereof) shall bear interest from and including the date on which such amounts are due, to and excluding the date of payment thereof, at the rate of 10 percent per annum. All payments of such amounts by the Franchisee shall include any such accrued interest.

7.4 Security Interest Absolute. All rights of KFP hereunder, the security interest, and all obligations of the Franchisee hereunder, shall be absolute and unconditional irrespective of:

(a) Invalidity or Unenforceability. Any lack of validity or enforceability of any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing.

(b) Amendments or Waivers. Any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any renewal or extension of all or any of the Secured Obligations or any other amendment or waiver of or any consent to any departure from any other agreement or instrument.

(c) Other Circumstances. Any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Franchisee in respect of the Secured Obligations or in respect of this Security Agreement.

7.5 Assignment. Neither this Security Agreement nor any rights or obligations under this Security Agreement may be assigned by the Franchisee without the prior written consent of KFP.

7.6 Parties in Interest. Nothing in this Security Agreement, expressed or implied, is intended to confer on any person or entity other than the parties and Franchisor any right or remedy under or by reason of this Security Agreement.

7.7 Prompt Action. Time is of the essence with respect to each provision of this Security Agreement.

7.8 Specific Performance. If any party should default in any of its obligations under this Security Agreement, the parties each acknowledge that it would be impracticable to measure the resulting damages and that it may not be possible to adequately compensate the injured party by monetary damages. Accordingly, without prejudice to the right to seek and recover monetary damages, each nondefaulting party shall be entitled to sue in equity for specific performance of this Security Agreement or other injunctive relief, and each party hereby waives any defense that a remedy in damages would be adequate.

7.9 Further Action. Each party agrees to perform any further acts and to execute and deliver any other documents which may be reasonably necessary to effect the provisions of this Security Agreement.

7.10 Survival of Representations and Warranties. All representations and warranties of the parties contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall continue until any and all Secured Obligations have been paid and performed in full.

7.11 Successors and Assigns. Except as otherwise expressly provided in this Security Agreement, this Security Agreement shall be binding on and shall benefit the parties and their respective heirs, executors, administrators, successors and assigns.

7.12 Joint and Several Liability. If Franchisee consists of more than one person or entity, then the obligations and liabilities of each such person or entity to KFP shall be joint and several among them.

7.13 Governing Law. This Security Agreement and the legal relations among the parties shall be interpreted, construed and governed by the laws of California, without giving effect to any conflicts of laws.

7.14 Venue and Jurisdiction. The parties agree that any suit, action or proceeding arising out of or relating to this Security Agreement, or the interpretation, performance or breach of this Security Agreement, may be instituted in the United States District Court for the Central District of California or any court of the State of California located in Riverside County, and each party irrevocably submits to the jurisdiction of those courts and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of California or otherwise in those courts in any such suit, action or proceeding. The provisions of this Section shall not be deemed to preclude KFP from filing any suit, action or proceeding in any other appropriate forum.

7.15 Entire Security Agreement. This Security Agreement contains all of the terms and conditions agreed on by the parties on its subject matter. This Security Agreement supersedes all prior negotiations, discussions, correspondence and agreements between the parties on its subject. This Security Agreement cannot be modified or changed except by written instrument signed by all the parties hereto.

7.16 Headings. Paragraph and section numbers and headings are used in this Security Agreement for convenience only and shall not affect the meaning or construction of any provision of this Security Agreement.

7.17 Gender. All terms used in any one number or gender shall mean and include any other number and gender as the facts, context or sense of this Security Agreement or any provision may require.

7.18 Construction. The provisions of this Security Agreement shall be interpreted and construed according to their fair meaning and not strictly for or against any party.

7.19 Severability. If any provision of this Security Agreement is invalid or unenforceable in a jurisdiction, either in its entirety or by virtue of its scope or application to a circumstance, that provision shall be deemed modified to the extent necessary to be valid or, if such modification is not possible, that provision shall be deemed to be excised from this Security Agreement. This Security Agreement shall be construed and enforced as if that provision were included as modified or were not included, as the case may be. If the invalidity or unenforceability of a provision exists under the laws of only a particular jurisdiction, this paragraph shall operate on that provision only to the extent that the laws of that jurisdiction apply to the provision.

7.20 Counterparts. This Security Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

7.21 Notices. All notices and reports permitted or required to be delivered by a party shall be deemed delivered: (i) when delivered in person; (ii) one business day after transmission by facsimile or other electronic system, or after submission to an overnight carrier such as FedEx or UPS; or (iii) three business days after deposit in the United States Mail by Registered or Certified Mail, return receipt requested, postage prepaid and addressed as follows:

If to KFP: Kollusion Fitness Products Inc.
42265 Winchester Road
Temecula, California 92590

If to Franchisee: _____
_____
_____

or to any other address for Franchisee in KFP's books and records. Either party shall have the right to change the address for notice by delivering a notice to the other party in accordance with the provisions of this paragraph.

7.22 Review of Security Agreement. Franchisee acknowledges, represents and warrants that:

(a) Franchisee has read and understands all of this Security Agreement and all of the other related documents, if any, to be executed by Franchisee concurrently or in conjunction with the execution of this Security Agreement; and

(b) Franchisee has had the opportunity to obtain advice and consult with professional advisors, like attorneys and accountants, concerning this Security Agreement, the risks of this Security Agreement and whether or not to enter into this Security Agreement.

7.23 Rights Cumulative. All rights, options, elections, powers and remedies of KFP under the provisions of this Security Agreement are cumulative of each other and of every other right, option, election, power or remedy which KFP may otherwise have at law, in equity, under the Franchise Agreement. The exercise of one or more rights, options, elections, powers or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies KFP may have upon a default by Franchisee under this Security Agreement.

7.24 Waiver. No delay or omission in the exercise of any right or remedy of KFP upon any default by Franchisee shall impair such right or remedy or be construed as a waiver of such default.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the date and year first above written.

FRANCHISEE:

_____

By:_____

_____
Print Name

_____
Title

KFP :

Kollusion Fitness Products Inc.

By:_____

_____
Print Name

_____
Title

EXHIBIT A

Collateral Description

1. Equipment. All equipment (as defined in the California Uniform Commercial Code (the "Code")), machinery, tools, furniture, furnishings, fitness and exercise equipment, plant fixtures, business fixtures and other fixtures and other storage and office equipment, now owned, leased or held, or hereafter acquired by the Franchisee, wherever located, and all parts thereof and all additions and accessions thereto and replacements thereof and documents therefor, including any documents of title representing any of the above (any and all of the foregoing being the "Equipment");

2. Inventory. All inventory (as defined in the Code) in all of its forms, now owned or held, or hereafter acquired by the Franchisee, wherever located, including, but not limited to (i) all goods (wherever located and whether in the possession of the Franchisee or a bailee or other person for storage, transit, or otherwise) manufactured or assembled or held for sale or lease or to be furnished under any contract of service, or so leased or furnished, and raw materials and work in process, finished and unfinished goods, and materials used or consumed in the Franchisee's business, (ii) all goods which are returned to or repossessed by the Franchisee, and (iii) all additions and accessions thereto and replacements and products thereof, including, without limitation, any documents of title representing any of the above (any and all of the foregoing being the "Inventory");

3. Accounts. All accounts, general intangibles, chattel paper, instruments (each as defined in the Code), and other obligations of any kind, now owned or held or hereafter acquired by the Franchisee, including, without limitation, insurance claims, insurance settlement proceeds, tax refund claims and tax refunds, arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, general intangibles, chattel paper, instruments or obligations, and all books and records relating to any of the foregoing (any and all of the foregoing being the "Accounts");

4. Instruments. All notes and other instruments and any instrument which constitutes a part of chattel paper, and other evidences of indebtedness in which the Franchisee now or hereafter has any interest, to the extent of that interest;

5. Documents. All documents (as defined in the Code) in which the Franchisee now or hereafter has any interest, to the extent of that interest;

6. Chattel Paper. All chattel paper in which the Franchisee now or hereafter has any interest;

7. General Intangibles. All General Intangibles (as hereinafter defined) in which the Franchisee now or hereafter has any interest, to the extent of that interest. "General Intangibles" means any "general intangibles," as such term is defined in the Code, and shall include, without limitation, (a) all patents, patent applications, trademarks, trademark registrations, trade names and trademark applications; (b) license agreements with any other party, whether the Franchisee is a licensor or licensee under any such license agreement, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter covered by such licenses; (c) all of the Franchisee's books, records and files, including computer software and electronic storage thereof and all other forms of electronic information storage; (d) copyrights and other rights in intellectual property; (e) interests in partnerships, joint ventures and other business associations; (f) licenses and permits; (g) trade secrets, proprietary or confidential information, customer lists, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records,

and goodwill; (h) claims in or under insurance policies, including unearned premiums; (i) uncertificated securities; (j) deposit accounts; (k) rights to receive tax refunds and other payments; (l) rights of indemnification; and (m) all of the Franchisee's rights under any warranties or guaranties of any kind, including equipment, machinery or services;

8. Contracts. All of the Franchisee's rights under all contracts, undertakings or agreements (other than rights evidenced by chattel paper, documents or instruments) in or under which the Franchisee may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof;

9. Money and Other Personal Property. All money (as defined in the Code) and all other goods and personal property in which the Franchisee has any interest, to the extent of that interest, whether now or hereafter owned or existing, leased, consigned by or to or acquired by the Franchisee and wherever located; and

10. Proceeds and Products. All proceeds and products of the foregoing (including, without limitation, cash proceeds and noncash proceeds resulting from the sale or other voluntary or involuntary disposition thereof or any other realization in respect thereof) and including, but not limited to, all property of any type that is acquired with any cash proceeds, and all guarantees, insurance and rights against sureties the Franchisee may have in connection therewith and all proceeds and products relating thereto or therefrom, and all the Franchisee's right, title and interest in and to additions, accessions, replacements and substitutions to and for the foregoing, and all documents, ledger sheets and files of the Franchisee relating thereto. The term "proceeds" as used herein shall include, without limitation, all accounts, chattel paper, deposit accounts, instruments, equipment, inventory, documents, general intangibles and other proceeds that arise from the sale, lease, transfer or other use or disposition of any kind of any of the Collateral described in the foregoing paragraphs 1 through 9, inclusive, or proceeds, and all proceeds of any type described above acquired with cash proceeds.

EXHIBIT I

SLFMD BTR WATER SUPPLY AGREEMENT

SLFMD BTR WATER SUPPLY AGREEMENT

THIS SLFMD BTR WATER SUPPLY AGREEMENT (the "Agreement") is made as of _____ (the "Effective Date"), by and between SLFMD HYDRATI8N BAR, INC., a California corporation (the "Supplier") whose address is 42265 Winchester Road, Temecula, California 92590, on the one hand, and _____, a _____ ("Buyer") whose address is _____, on the other hand, who are individually referred to in this Agreement as a "Party" and collectively referred to in this Agreement as the "Parties", with reference to the following facts:

A. Supplier is the supplier of branded water beverages as may be changed, improved and further developed by Supplier from time to time (the "Water Products") and sells the Water Products under the trademarks "SLFMD, "SELF MADE" and "BTR WTR"" and other trade names, service marks and trademarks that are now designated and may hereafter be designated by Supplier (collectively, the "Marks").

B. Buyer owns and operates one or more Self Made Training Facilities pursuant to one or more franchise agreements with SMTF Franchising, Inc. ("SMTF"). Supplier desires to sell the Water Products to Buyer and Buyer desires to purchase the Water Products from Supplier for sale at Buyer's approved Self Made Training Facility identified in Exhibit A (the "Approved Facility"), on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. Purchase of Water Products. Buyer shall purchase and Supplier shall sell Water Products to Buyer, on a continuing basis during the Term. The Parties agree that the Water Products may be modified by Supplier at any time. Buyer shall purchase from Supplier at least the amount and frequency of Water Products described in Exhibit B (the "Order"). Buyer shall not be obligated to purchase or pay for any quantity of Water Product that exceeds the supply reasonably necessary for Buyer to conduct its business at the Approved Facility. Buyer must rotate its Water Product inventory on a first-in, first out basis. Buyer shall, at its own cost, destroy any damaged Water Product and shall not sell any damaged Water Product to any customer. Buyer shall sell the Water Products purchased from Buyer at retail, only from and at the Approved Facility and only to customers of the Approved Facility. Buyer shall not sell the Water Products nor allow any other party to sell the Water Products at wholesale, via the Internet or any other channel of distribution without Supplier's prior written consent.

2. Prices and Adjustments to Prices. The current pricing for the Water Products as of the Effective Date are listed on Exhibit B (the "Prices"). Supplier may impose an annual increase in the Prices in an amount that shall not exceed ten percent (10%) of the Prices for the prior calendar year (the "Annual Price Adjustment"). Unless otherwise specified by Supplier, the Prices do not include freight costs, which shall be paid solely by Buyer. In addition to the Annual Price Adjustment, the Parties agree that the Prices may be adjusted by Supplier on at least fourteen (14) calendar days written notice to Buyer; provided, however, Buyer shall have the right to terminate the Agreement within fourteen (14) calendar days after receiving notice of the price adjustment in the event Buyer does not wish to pay the new adjusted Prices. Buyer shall have no right to terminate the Agreement due to an Annual Price Adjustment. Buyer acknowledges that the Prices charged by Seller for the Water Products constitute a bona fide wholesale price for such goods and that the Water Products will be resold by Buyer to customers of the Facility. Nothing in this Agreement requires Buyer to purchase any supplies, marketing materials or equipment for use at the Approved Facility.

3. Use of Water Products and the Marks.

3.1 Similar Water Products. Buyer shall not produce, use, sell or purchase any products substantially similar to the Water Products during the Term of this Agreement, unless agreed to in a writing signed by Supplier. Buyer shall not reverse engineer or otherwise tamper with the Water Products in any way.

3.2 Use of Marks. Buyer acknowledges and agrees that Supplier or Supplier's affiliate is the owner of all right, title and interest in and to the Marks. Buyer may only display the Marks and sell the Water Products at the Approved Facility listed on Exhibit A and in the manner set forth in this Agreement. Buyer shall not use any of the Marks as part of Buyer's corporate or trade name or permit any third party to do so without the prior written consent of Supplier. No advertising, promotional or marketing material for the Water Products including but not limited to print media, online advertising and social media, shall be used by Buyer without first obtaining Supplier's prior written approval. Buyer shall cease all use of the Marks upon the expiration or termination of this Agreement.

3.3 Ownership and Goodwill of Marks. Buyer acknowledges that Buyer's right to sell the Water Products and use the Marks is derived solely from this Agreement and is limited to use in compliance with this Agreement. Any unauthorized use of the Water Products or Marks by Buyer shall constitute a breach of this Agreement and an infringement of Supplier's and/or Supplier's affiliates' rights in and to the Marks. Buyer acknowledges and agrees that as between Supplier and Buyer (i) Supplier or Supplier's affiliate owns the Marks; (ii) Buyer owns no goodwill or rights in the Marks except for the limited license granted by this Agreement to use the Marks in selling the Water Products; and (iii) Buyer's use of the Marks and any goodwill established by that use shall inure to the exclusive benefit of Supplier or Supplier's affiliate. Buyer shall not contest, or assist any other person to contest, the validity of Supplier's or Supplier's affiliate's rights and interest in and to the Marks either during the Term or after the expiration or termination of this Agreement.

3.4 Limitations on Use. Buyer shall not use any Marks (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than those licensed to Buyer under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Supplier. Buyer shall give all notices of trademark and service mark registration that Supplier specifies and shall use and obtain all fictitious or assumed name registrations required by Supplier or under applicable law. Buyer further agrees that no service mark other than the Marks specified by Supplier shall be used in selling, marketing or promoting the Water Products.

3.5 Refrigerator. On signing this Agreement, Buyer shall purchase an amount of energy drinks required by Supplier's approved vendor (currently eight hundred dollars ($800)) to receive a refrigerator at no additional cost to Buyer. Buyer shall use the Refrigerator to store the energy drinks received as well as the Water Products purchased from Supplier (the "Refrigerator"). Buyer is not obligated to purchase additional energy drinks from Supplier's approved vendor after the initial purchase, but may do so if desired. Upon delivery of the refrigerator, Supplier will send an approved vendor to Buyer's location to install signage on the refrigerator, reflecting the Supplier's Marks. Buyer shall maintain and keep the Refrigerator in working condition during the Term at Buyer's own expense. If the Refrigerator breaks during the Term, then Buyer, at its own expense, shall repair the Refrigerator or purchase a comparable refrigerator to replace the Refrigerator.

4. Payments. Buyer shall pay Supplier for the Water Products by the fifteenth day of each month. Supplier shall endeavor to deliver the ordered Water Products to Buyer no later than the first Monday following the fifteenth day of each month. All payments to Supplier will be made from Buyer's bank account by electronic funds transfer ("EFT") or other automatic payment mechanism that Supplier may designate. If at any time Buyer's financial responsibility becomes impaired or unsatisfactory to Supplier, or in the opinion of Supplier, inadequate to meet Buyer's obligations hereunder, Supplier shall have the option to change the payment terms and may require cash up front or satisfactory security before making shipments or deliveries to Buyer under this Agreement. Upon any failure by Buyer to pay any amount when due, Supplier may, at its option, and without prejudice to other lawful remedies available to Supplier, suspend further shipments and deliveries under this Agreement and no forbearance, course of dealings, or prior payment shall affect this right of Supplier.

5. Delivery. Unless otherwise specified by Supplier, Buyer will bear all costs of delivery of the Water Products to Buyer. Accordingly, unless otherwise specified by Supplier, Buyer will pay for and arrange all shipping costs to Buyer. Title and risk of loss shall transfer to Buyer upon transfer of the Water Products to the carrier who receives the Water Products from Supplier. Supplier shall provide Buyer with shipment documentation showing the Order number, identifying the Water Products, the number of Water Products in the shipment, Supplier's name and other information as determined by Supplier.

6. Non-Conforming Delivery. If any of the Water Products fail to comply with any Order or other requirements of this Agreement ("Non-Conforming Water Products"), Buyer shall, within five (5) calendar days upon receipt of the Non-Conforming Water Products, notify Supplier by email of the defect, which shall include pictures and video of the Non-Confirming Water Products and all other details in the possession of Buyer. Buyer may, in its discretion, partially or completely reject, or may accept, Non-Conforming Water Products. If Buyer rejects the Non-Conforming Water Products, Supplier shall promptly, at Buyer's option: (i) correct the discrepancy as to those Non-Conforming Water Products, or (ii) replace the Water Products at Supplier's expense. For Non-Conforming Water Products partially accepted, or accepted as non-conforming, Buyer and Supplier shall negotiate, as necessary, any discounts from the applicable invoice to account for the acceptance of the Non-Conforming Water Products.

7. Failure to Supply.

7.1 Delays and Supply Shortages. Supplier shall promptly provide written notice to Buyer of any of the following events or occurrences, or any facts or circumstances reasonably likely to give rise to any of the following events or occurrences: (i) any failure by Supplier to perform any of its obligations under this Agreement; (ii) any delay in delivery of Water Products; or (iii) any potential shortage in supply of Water Products.

7.2 Uninterrupted Supply. Supplier shall use reasonable efforts as Supplier deems necessary or appropriate to provide an uninterrupted supply of Water Products to Buyer during the Term, unless any disruption or occurrence constitutes a Force Majeure Event. Notwithstanding anything to the contrary in this Section 7.2, Supplier may discontinue the sale, production and/or distribution of any Water Product sold by Supplier to Buyer under this Agreement at any time.

8. Supplier's Warranties Regarding Water Products. Supplier represents and warrants to Buyer that (i) the Water Products will be free from material defects, produced in accordance with applicable law, and merchantable and fit for their intended use including human consumption; and (ii) the Water Products will be manufactured, produced, stored and/or delivered in accordance with appropriate good manufacturing practices required under applicable law for articles of food.

9. Compliance with Applicable Law. Buyer shall obtain and maintain all required local, state and federal permits applicable to the sale and distribution of the Water Products at the Approved Facility. Buyer shall in all dealings with Supplier, customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action which may cause damage to the Marks. If Buyer shall receive any notice, report, fine, test results or the like from any applicable department of health (or other similar governmental authority), Buyer shall promptly send a copy of the same to Supplier.

10. Business Standards. Buyer shall comply with the highest business standards in selling and promoting Water Products at the Approved Facility and shall not claim or represent directly or indirectly that any Water Product has any characteristics or qualities other than those represented to Buyer from time to time by Supplier. Buyer shall exert its best efforts to ensure Water Products are sold under sound trade practice methods. Buyer shall not do or omit to do anything that would or in the reasonable opinion of Supplier jeopardize the goodwill and/or reputation of the Marks, Water Products or Supplier.

11. Confidentiality. Each Party (the "Receiving Party") shall hold in confidence and not make any commercial or other use of any or all "Confidential Information" (as defined below) conveyed, acquired or learned from the other Party ("Disclosing Party") at any time, except in association with the Receiving Party's performance of this Agreement. Receiving Party shall not disclose such information to third persons without the prior written consent of the Disclosing Party. Receiving Party shall limit access to the Confidential Information to those of its employees and agents (including attorneys and accountants) with the need to know the same and shall advise such employees and agents of, and hold them to, Receiving Party's obligations under the terms of this Section 11. "Confidential Information" means all information of Disclosing Party that is disclosed orally or in writing by Disclosing Party to Receiving Party and that, at the time of disclosure, is designated as confidential, is disclosed in circumstances of confidence, would be understood by the Parties, exercising reasonable business judgment, to be confidential, or is not generally known to the public, whether of a business, technical, or other nature, and including, without limitation, Supplier's trade secrets, Supplier's distribution process, pricing, inventions, methods, processes, designs, plans, drawings, specifications, know-how, and marketing techniques and materials, and business plans. For the avoidance of doubt, the recipes for the Water Products are owned by Supplier or Supplier's licensors and are Confidential Information of Supplier. Upon termination of this Agreement, Receiving Party shall return to Disclosing Party all of Disclosing Party's Confidential Information or shall destroy the same at the option of Disclosing Party. The provisions of this Section 11 shall survive termination or expiration of this Agreement. The obligations in this Section 11 regarding trade secrets, in particular, will continue for trade secrets for so long as the information constitutes a trade secret under applicable law.

12. Term. Unless terminated earlier pursuant to Section 12, this Agreement will begin on the Effective Date and expire on the first anniversary of the Effective Date ("Initial Term"). The term of this Agreement shall automatically renew for periods of twelve (12) months from the expiration date of the term then in effect (a "Renewal Term") unless either Party has provided the other Party with written notice of its intention to terminate this Agreement at least thirty (30) calendar days prior to the expiration date. The Initial Term and, if and when applicable, the Renewal Term, shall be referred to as the "Term". Notwithstanding the foregoing, this Agreement shall automatically terminate on termination or expiration of Buyer's Franchise Agreement with SMTF.

13. Termination.

13.1 Defaults. Either Party may terminate this Agreement prior to the expiration of the Term if: (a) there is a Default by either Party of any of the representations, warranties or covenants under this Agreement and the defaulting Party fails to cure the default within thirty (30) calendar days after written notice of default or such longer period if reasonably necessary in the event that thirty (30) calendar days shall be insufficient to cure such failure to perform so long as the defaulting Party is diligently proceeding to cure such default; or (b) immediately in the event that the other Party (i) fails to vacate an involuntary bankruptcy, insolvency or reorganization petition or petition for an arrangement or composition with creditors within sixty (60) calendar days after the date of such filing, or files such a petition on a voluntary basis; or (ii) makes an assignment for the benefit of creditors; or (iii) fails to vacate the appointment of a receiver or trustee for any interest in such Party's business within sixty (60) calendar days after such appointment. "Default" means any breach of, or failure to comply with, any of the terms or conditions of this Agreement.

13.2 By Supplier. Notwithstanding Section 13.1, Supplier may terminate this Agreement with respect to Buyer in the event that (i) Buyer fails to make the required payments as required under this Agreement , (2) Buyer fails to comply with any usage procedures prescribed by Supplier, (3) Buyer closes the Approved Facility for business; (4) Buyer loses the right to operate the Approved Facility; or (5) Buyer is in breach of any of its obligations to SMTF. Prior to the termination taking effect, Supplier shall give written notice to Buyer of the breaches identified in this Section 13.2, and Buyer shall have ten (10) calendar days following receipt of that notice within which to cure the failure specified in the notice.

13.3 By Buyer. As detailed in Section 2, Buyer may terminate this Agreement in the event of a change in the Prices during the period designated in Section 2, except Buyer may not terminate this Agreement in the event of an Annual Price Adjustment.

13.4 Mutual Consent. Upon mutual consent of the Parties to this Agreement, the Parties may terminate this Agreement by a writing signed by both Parties.

13.5 Damages. If Buyer fails to provide Supplier with proper notice of its intention to terminate this Agreement pursuant to Section 13, in addition to all other remedies available to Supplier, Buyer shall pay Supplier, on demand, an amount equal to Buyer's average purchase of Water Products for the one (1) month immediately preceding the date this Agreement is terminated. Supplier and Buyer acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Supplier will incur if Buyer fails to provide notice of its intention to terminate this Agreement pursuant to Section 13 due to the complications inherent in determining the amount of revenue lost by Supplier. Supplier and Buyer further acknowledge and agree that an amount equal to Buyer's average purchase of Water Products for the one (1) month immediately preceding the date this Agreement is terminated a reasonable, good faith estimate of those damages.

13.6 Effect of Termination or Expiration. Following any termination or expiration of this Agreement: (i) Supplier shall complete the delivery of all Water Products that are then the subject of an Order and those Orders shall continue to be subject to the terms and conditions of this Agreement; (ii) Buyer shall pay all outstanding invoices for the Orders; (iii) Buyer shall remove all advertising displays and other usages of the Marks; (iv) all Confidential Information, whether in written, electronic or other form, shall either be returned to the Party who disclosed such Confidential Information or destroyed; and (v) each Party will immediately cease using any of the other Party's Confidential Information. The payment obligations hereunder in Supplier's favor shall be in addition to Supplier's other available remedies as allowed by law.

14. Indemnity.

14.1 By Supplier. Supplier shall defend, indemnify and hold harmless Buyer, its officers, directors, shareholders, members, managers, affiliates, agents and employees from and against any and all third party damages, losses, liabilities, claims, suits, costs and expenses (including attorneys' fees and costs) (collectively, "Claims") resulting from or arising out of the manufacturing of the Water Products. In the event of any Claim, Supplier will defend the Claim at its sole cost and expense. Buyer will provide reasonable assistance to Supplier in any defense, as Supplier may request, at Supplier's expense. If Supplier fails to assume the defense to Buyer's satisfaction within thirty (30) days after receipt of notice of the Claim, Buyer may defend the Claim in the manner it deems appropriate, and Supplier shall reimburse Buyer for all reasonable costs incurred in the defense, including payment of any settlement or judgment against Buyer.

14.2 By Buyer. Buyer shall defend, indemnify and hold harmless Supplier, its officers, directors, shareholders, members, managers, affiliates, agents, representatives and employees from and against any and all third party Claims resulting from or arising out of: (i) any claim of infringement of intellectual property rights relating to Buyer's operations generally and at the Approved Facility, (ii) any injury, illness and/or death to employees, customers and others not related to the manufacturing of the Water Products; or (iii) any breach of this Agreement by Buyer. In the event of any Claim, Buyer will defend the Claim at its sole cost and expense. Supplier will provide reasonable assistance to Buyer in any defense, as Buyer may request, at Buyer's expense. If Buyer fails to assume the defense to Supplier's satisfaction within thirty (30) days after receipt of notice of the Claim, Supplier may defend the Claim in the manner it deems appropriate, and Buyer shall reimburse Supplier for all reasonable costs incurred in the defense, including payment of any settlement or judgment against Supplier.

15. Insurance. Buyer shall, at all times during the Term of this Agreement, obtain and keep in force at its own cost and expense, comprehensive general liability insurance, including contractual liability and product liability, with a minimum combined single limit in the amount of not less than $1 million per occurrence and $2 million in the aggregate for bodily harm or personal injury to, illness of, or death of persons and damage to property. Each policy of insurance shall name Supplier as an additional insured on the policy endorsement. Upon Supplier's request, Buyer shall cause certificates evidencing the existence of any insurance required under this Agreement to be delivered by the applicable insurer to Supplier. To the extent permitted, each comprehensive liability insurance shall not be canceled until at least thirty (30) calendar days' written notice has been given to Supplier. Each of the above-referenced insurance must carry a Best's rating of at least 'A-'. Buyer will also maintain the statutory requirements of workers' compensation insurance.

16. Recalls. Supplier will date each production run of Water Products with a tracking system and prepare and maintain records. Each Party shall immediately (but in no event later than twenty-four (24) hours) notify the other whenever that Party becomes aware that any Water Product, or any material or component therein, is or might become harmful to persons or property, or that any Water Product is defective in any manner that is or might become harmful to persons or property, or that violates or might violate applicable laws, and shall provide all information in its possession with respect to the problem or defect. If Buyer deems it necessary to recall any Water Product for any reason bearing on the quality and/or safety of the Water Product, Supplier shall take the action that may be required by applicable laws to protect the interests of the public and to comply diligently with all product recall procedures established by any governmental authority responsible for the recalls. Supplier shall be responsible for implementing any recall required by government agencies with respect to the Water Products.

17. Force Majeure. Any delay or failure of either Party to perform its obligations under this Agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such Party's control, without that Party's fault or negligence and that by its nature could not have been foreseen by that Party or, if it could have been foreseen, was unavoidable, which events may include natural disasters, embargoes, explosions, riots, pandemics, endemics, wars or acts of terrorism (each, a "Force Majeure Event"). Neither Party shall be liable to the other for any delays or defaults caused by a Force Majeure Event.

18. Assignment; Change of Control. Supplier shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without the consent or approval of Buyer. With respect to any assignment which results in the subsequent performance by the assignee of all of Supplier's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Supplier under this Agreement from the date of assignment. Buyer may not assign this Agreement without the prior written consent of Supplier. Any attempted assignment or transfer in violation of this Section 18 will be void. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

19. Notices. Any notice, request, demand, or other communication required or permitted by this Agreement will be deemed properly given (i) when actually delivered if delivered personally; (ii) if sent by certified mail, or overnight courier or express mail, return receipt requested. Notices to the Parties will be sent to the addresses set forth on the first page of this Agreement and either Party may change its address for notice by written notice to the other Party; (iii) by email, provided a confirmation of receipt is obtained or the email is followed by delivery of the notice by mail as prescribed above. Unless changed by a Party in writing, the email address for Supplier is julie@selfmadetrainingfacility.com and the email address for Buyer is _____@_____.

20. Independent Status. Supplier is an independent contractor engaged by Buyer to supply the Water Products. There is no relationship of partnership, joint venture, employment, franchise or agency between the Parties. Except as expressly provided in this Agreement, neither Party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent.

21. Governing Law; Dispute Resolution. This Agreement shall be construed and enforced in accordance with the laws of the State of California. The state and federal courts in the County of Riverside, State of California shall have sole and exclusive jurisdiction over any action under or arising out of this Agreement. In any action to enforce the provisions of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney's fees, costs and disbursements in addition to any other relief to which it may be entitled. The various rights, options, elections, powers and remedies under this Agreement, or granted by law shall be construed as cumulative. No single right is exclusive of any of the other rights.

22. Survival; Counterparts; Construction; Waiver. All of the obligations of Buyer and Supplier that expressly or by their nature survive the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement and continue in full force and effect notwithstanding expiration or termination until they are satisfied in full or by their nature expire. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement. If any provision, of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the rest of the Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. The descriptive headings of the articles and sections of this Agreement are inserted for convenience only, do not constitute a part of this Agreement. No waiver of or failure by any Party to enforce any provision of this Agreement shall be construed as a subsequent waiver of the same right, or a waiver of any other right. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts. This Agreement contains the entire agreement of the Parties with respect to its subject matter. All previous agreements and understandings between the Parties regarding the subject matter of this Agreement are hereby superseded. This Agreement may be modified only by an agreement of the Parties in writing. This Agreement may be executed in separate counterparts and shall become effective only after all separate counterparts have been executed and exchanged between the Parties. A facsimile or pdf signature shall be regarded as an original signature for purposes of this Agreement and shall have the same force and effect as an original signature upon receipt by the other Party.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

SUPPLIER:

SLFMD HYDRATI8N BAR, INC.,
A California corporation

By: _____
Name: _____
Title: _____

BUYER:

(IF BUYER IS A CORPORATION,
LIMITED LIABILITY COMPANY,
OR PARTNERSHIP):

_____
[Print Name of Buyer Entity]

By: _____
Name: _____
Title: _____

OR

(IF BUYER IS AN INDIVIDUAL):

_____
Print Name

_____
Signature

EXHIBIT A

APPROVED FACILITY

EXHIBIT B

WATER PRODUCTS AND PRICES
(AS OF EFFECTIVE DATE AND SUBJECT TO CHANGE AS SET FORTH IN SECTION 2)

CALIFORNIA LOCATIONS

- 24 Cases Monthly
    - Total Initial Monthly Cost for 24 Cases = $560.80 (including shipping and California Refund Value ("CRV")

    * Subject to the price adjustments described in Section 2 of this Agreement.

NON CALIFORNIA LOCATIONS

- 1 Pallet Every 3 Months
    - $1,080 for 1 Pallet
    - Shipping cost will range from $180 -$400
        - Shipping cost and prices subject to change
    - Total Cost for 1 Pallet (including shipping cost) = $1,260 -$1,480
    - Total Monthly Cost for 1 Pallet = $420 -$494

    * Subject to the price adjustments described in Section 2 of this Agreement.

EXHIBIT J

TABLE OF CONTENTS TO

OPERATIONS MANUAL

Operations Manual

Property of
SelfMade Training Facilities, Inc.
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EXHIBIT K

LIST OF CURRENT FRANCHISEES, COMPANY-OWNED LOCATIONS & FRANCHISEES

WHO LEFT THE SYSTEM IN 2021

LIST OF COMPANY-OWNED OUTLETS AS OF DECEMBER 31, 2021 (1)

Self Made Training Facility, Inc.
d/b/a Self Made Training Facility of Temecula
42265 Winchester Road
Temecula, Ca 92590
888-640-0005

(1) We refer to our Affiliate listed above, Self Made Training Facility, Inc., as Company-Owned.

LIST OF FRANCHISEES WITH OPEN OUTLETS AS OF DECEMBER 31, 2021

ARIZONA

Self Made Training Facility Phoenix
The Mahaffey Family Corp
14647 S 50th St, Suite B100
Phoenix, AZ 85044
916-834-1324

Self Made Training Facility Scottsdale
The Mahaffey Family Corp
14150 N 100th St, D100
Scottsdale, AZ 82560
916-834-1324

CALIFORNIA

Self Made Training Facility Chino Hills
SevenWorks Family, Inc.
2549 Chino Hills Parkway, Suite A
Chino Hills, CA 91709
951-847-1093

Self Made Training Facility Corona
Michelson Enterprise INC
185 N McKinley St
Corona, CA 92879
951-375-8609

Self Made Training Facility Costa Mesa
Alpha Aesthetics, LLC
740 W 16th Street
Costa Mesa, CA 92627
323-350-0976

Self Made Training Facility Elk Grove (Sacramento)
SP Kinetic Strength, Inc.
9130 Harbour Point Boulevard
Elk Grove, CA 95758
916-208-7071

Self Made Training Facility Long Beach
Advanced Motion Group, LLC
Adam Mai / Bren Bagnall / Erica Bagnall
117 W 5th St.
Long Beach, CA 90802
(714) 580-6450

Self Made Training Facility Oceanside
Sculpted, Inc.
4263 Oceanside Boulevard, Suite 103
Oceanside, CA 92056
951-375-7681

Self Made Training Facility Orange
Red and Blue line INC
1900 N Tustin St.
Orange, CA 92865
909-367-6818

Self Made Training Facility Rancho Cucamonga
KKG Enterprise, LLC
11553 Foothill Boulevard
Rancho Cucamonga, CA 91730
951-818-3711

Self Made Training Facility South Orange County
Alpha DMI, Inc
Daniel Weller Jr. / Mayte Torrez / Isaac Holguin
30332 Esperanza
Rancho Santa Margarita, CA 92688
(951) 227-0406

Self Made Training Facility Rancho Redlands
RJM Fitness LLC
1380 Industrial Park Ave
Redlands, CA 92374
909-936-9853

Self Made Training Facility San Diego (Mission Valley)
Keth & Sunga, LLC
3755 Murphy Canyon Road
San Diego, CA 92123
951-834-8331

Self Made Training Facility San Diego (Mission Bay)
Fitness Lifestyle Coach LLC
4030 Sports Arena Blvd
San Diego, CA 92109
636-399-1572

Self Made Training Facility San Marcos
Courtney Ferguson
803 W. San Marcos Boulevard
San Marcos, CA 92078
(760) 828-3231 courtney@selfmadetrainingfacility.com

Self Made Training Facility West Covina
Fortis Fitness Inc
1705 W Garvey Ave N
West Covina, CA 91790
951-756-2023

FLORIDA

Self Made Training Facility Orlando Winter Park
Jordan SMTF Investments
1271 Semoran Blvd
Casselberry, FL 32707
407-988-7217

NEVADA

Self Made Training Facility Las Vegas
Las Vegas Made, LLC
4300 E Sunset Rd, Suite A-1
Henderson, NV 89074
951-704-3690

OHIO

Self Made Training Facility Columbus
Snake and Skull LLC
3675 Park Mill Run Dr
Hilliard, OH 43026
614-332-4336

TEXAS

Self Made Training Facility Dallas
Self Made Training Facility Dallas LLC
Andrew Johnsen
1925 E Levee Street
Dallas, TX 75207
(214) 929-5604

LIST OF FRANCHISEES WHOSE OUTLETS WERE TERMINATED, NOT RENEWED OR WHO CEASED DOING BUSINESS IN THE YEAR ENDED DECEMBER 31, 2021

None

LIST OF FRANCHISEES WHOSE OUTLETS WERE TRANSFERRED TO NEW OWNERS (OTHER THAN THE FRANCHISOR) IN THE YEAR ENDED DECEMBER 31, 2021

Fig Pin, LLC
Alicia Jones & Cory Jones
San Marcos, CA 92078
(760) 505-4160

LIST OF COMPANY OUTLETS THAT WERE SOLD TO FRANCHISEES IN THE YEAR ENDED DECEMBER 31, 2021

None

LIST OF COMPANY OUTLETS THAT WERE CLOSED IN THE YEAR ENDED DECEMBER 31, 2021

None

LIST OF OUTLETS WITH FRANCHISE AGREEMENTS SIGNED BUT NOT YET OPENED AS OF DECEMBER 31, 2021

ARIZONA

Anthony Garcia
(303) 859-2641
afwgarcia@gmail.com
Damien Reidman
(480) 599-6707
doover74@gmail.com)
Gilbert, AZ

CALIFORNIA

Armando Gonzalez Jr.
(626) 262-5440
ajselfmadetraining@gmail.com
Pasadena, CA

Kenneth Foster
(209) 898-5870
kenneth@klfinvestmentsllc.com
Sacramento, CA

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT L

AGENTS FOR SERVICE OF PROCESS/ STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent For Service Of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	Daniel S. Venne, C.P.A., 41911 5th St., Suite 300 Temecula, California, 92590 (951) 694-1986 Commissioner of Financial Protection and Innovation of the State of California 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa, 1st Floor 670 G. Mennen Williams Building Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st FL New York, New York 10005 (212) 416-8222 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492

State	State Administrator	Agent For Service Of Process
NORTH DAKOTA	Office of the Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	Office of the Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462-9582	Director, Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Department of Financial Institutions 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703 (608) 266-2139	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703 (608) 266-2139

EXHIBIT M

SBA ADDENDUM

ADDENDUM TO FRANCHISE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee 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 Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee 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 Franchisee. 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 Franchisee.

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 franchise 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.

[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 Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise 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 Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee 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 FRANCHISEE:

By: _____

Print Name: _____

Title:_____

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.

EFFECTIVE DATES

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
Illinois	Pending
New York	Pending
Virginia	Pending
Washington	Pending

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.

EXHIBIT N

RECEIPTS

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SMTF Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SMTF Franchising, Inc., does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit I.

The franchisor is SMTF Franchising, Inc., located at 42265 Winchester Road, Temecula, California 92590; Telephone 951-634-8843.

FDD Issuance date: October 19, 2022.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise is:

Franchisor:	**Franchise Seller:**	**Additional sellers:**
SMTF Franchising, Inc.	Name of Individual(s) selling on	_____
42265 Winchester Road	behalf of Franchisor:	_____
Temecula, California 92590	Miguel Aguilar and Riley Clayton	_____
Telephone 951-634-8843	SMTF Franchising, Inc.	_____
	42265 Winchester Road	_____
	Temecula, California 92590	_____
	Telephone 951-634-8843	_____

SMTF Franchising, Inc.'s agent authorized to receive service of process in California is Daniel S. Venne, C.P.A., 41911 5th St., Suite 300, Temecula, CA 92590. In other states, see Exhibit I.

I received a disclosure document dated October 19, 2022. This disclosure document included the following Exhibits:

A.	Financial Statements	F.	Asset Purchase Agreement
B.	Franchise Agreement	G.	Secured Promissory Note
C.	General Release	H.	Security Agreement
D.	State Specific Addenda	I.	SLFMD BTR Water Supply Agreement
E.	Confidentiality Agreement	J.	Table of Contents to Operation Manual
		K.	List of Current Franchisees, Company-Owned Locations and Franchisees Who Left the System in 2021
		L.	Agents for Service of Process/ State Administrators
		M.	SBA Addendum
		N.	Receipts

Date:_____ _____

Signature of Prospective Franchisee

_____

Print Name

Please return one copy of the signed receipt by mailing it to SMTF Franchising, Inc. at 42265 Winchester Road, Temecula, California 92590, or by emailing it as an attachment to us at: Miguel@selfmadetrainingfacility.com.

RECEIPT
(RETURN THIS COPY TO US)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SMTF Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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42265 Winchester Road	behalf of Franchisor:	_____
Temecula, California 92590	Miguel Aguilar and Riley Clayton	_____
Telephone 951-634-8843	SMTF Franchising, Inc.	_____
	42265 Winchester Road	_____
	Temecula, California 92590	_____
	Telephone 951-634-8843	_____

SMTF Franchising, Inc.'s agent authorized to receive service of process in California is Daniel S. Venne, C.P.A., 41911 5th St., Suite 300, Temecula, CA 92590.In other states, see Exhibit I.

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		M.	SBA Addendum
		N.	Receipts

Date:_____

_____
Signature of Prospective Franchisee

_____
Print Name

Please return one copy of the signed receipt by mailing it to SMTF Franchising, Inc. at 42265 Winchester Road, Temecula, California 92590, or by emailing it as an attachment to us at: Miguel@selfmadetrainingfacility.com.