FRANCHISE DISCLOSURE DOCUMENT

TruFusion Franchising, LLC A Nevada limited liability company
2240 Corporate Circle Suite 160
Henderson, NV 89074 702-786-0090
TruFusion.com
Franchise@TruFusion.com

~~As a franchisee, you will operate a~~We offer franchises for our flagship and express TruFusion group fitness ~~studio~~studios, which will offer heated and unheated classes to include: yoga, ~~pilates~~Pilates, suspension training, barre, HIIT, cycle, aerial yoga, kettlebell, battle -ropes, boxing and boot -camp classes, yoga teacher training programs, nutritional works shops, and other related programs and activities.

The total ~~estimated~~ investment necessary to begin ~~the~~ operation of a TruFusion group fitness ~~studio ranges from $1,498,930 - $3,640,400. This includes $91,500-$221,500 that must be paid to the franchisor.~~franchise is:

Flagship Studio	$1,400,510 to $3,061,250. This includes $109,260 to $267,600 that must be paid to us or our affiliates.
Express Studio	$899,720 to $1,699,550. This includes $109,260 to $267,600 that must be paid to us or our affiliates.

We also offer a ~~Multi-Unit Development Agreement for the development of at least two~~development rider, which provides you the right to open and operate up to three TruFusion group fitness studios~~.~~ ~~The estimated initial investment to operate as a Multi-Unit Developer will vary depending on the number of businesses to be developed. You will pay a Development Fee equal to: (i) $65,000 for the first location, (ii) $65,000 for the second location, (iii) $60,000 for the third location, (iv) $60,000 for the fourth location; (v) $55,000 for the fifth location; and (vi) $50,000 for each location beyond the fifth~~ in a designated development area for a minimum development fee of $130,000, which is an amount equal to the sum of the initial franchise fee for one studio ($65,000) plus the initial franchise fees for an additional two studios, each at half-price ($32,500).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchisor, Attn: Franchise Department, 2240 Corporate Circle, Suite 160, Henderson, NV 89074, (702) 786-0090.

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

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

ISSUANCE DATE: April ~~26, 2019, as amended August 7, 2019~~22, 2020

~~TruFusion FDD 2019~~

STATE COVER PAGE

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 G.
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 E 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 TruFusion Studio 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 TruFusion franchisee?	Item 20 or Exhibit G list 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 ~~a franchisor~~franchisors to register ~~or file with a state franchise administrator~~ before offering or selling ~~in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT~~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 A.

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

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

~~Please consider~~

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 FACTORS before you buy this franchise~~risk(s) be highlighted:

1. ~~THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, OR LITIGATION IN THE THEN-CURRENT COUNTY AND STATE WHERE OUR CORPORATE HEADQUARTERS IS LOCATED (CURRENTLY CLARK COUNTY, NEVADA). OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN THE THEN-CURRENT COUNTY AND STATE WHERE OUR CORPORATE HEADQUARTERS IS LOCATED THAN IT MAY COST IN YOUR OWN STATE OR AREA.~~**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Las Vegas, Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Louisiana a than in your own state.

2. ~~THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATES THAT NEVADA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE~~

~~LAWS.~~**Early Stage of Development.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. ~~THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.~~**Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from $899,720 to $3,061,250. This amount exceeds the franchisor's stockholder's equity as of December 31, 2019, which is ($5,558,443).

~~4.YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.~~

~~5.YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.~~

~~6.THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $1,498,930 - $3,640,400. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, 2018, WHICH IS ($4,995,705).~~

~~7.THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

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

~~STATE EFFECTIVE DATES~~

~~The following states require that this Disclosure Document be registered or filed with the state, or that an exemption from registration be filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin, Connecticut, Nebraska, Kentucky, Utah, Florida and Texas.~~

~~This Disclosure Document is registered, on file or has an exemption from registration on file in the following states having franchise registration and disclosure laws, with the following effective dates:~~

~~State~~	~~Effective Date~~
~~California~~	~~Pending~~
~~Illinois~~	~~Pending~~
~~Indiana~~	~~Pending~~
~~Maryland~~	~~Pending~~
~~Michigan~~	~~Pending~~

~~Minnesota~~	~~Pending~~
~~New York~~	~~Pending~~
~~Virginia~~	~~Pending~~
~~Washington~~	~~Pending~~
~~Wisconson~~	~~Pending~~
~~Florida~~	~~Exempt~~
~~Texas~~	~~Exempt~~
~~Utah~~	~~Exempt~~

~~**In all the other states, this Franchise Disclosure Document has an issuance date of April 26, 2019, as amended August 7, 2019.**~~

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(iii) (ii) The fact that the proposed transferee is a competitor of the franchisor or ~~subfranchisor.~~ subfranchisor.

(iv) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(v) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement ~~and Multi-Unit Development Agreement~~. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

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Exhibits to Franchise Disclosure Document

Exhibit G - List of Franchisees Exhibit H - Form General Release Agreement

ITEM 1

~~APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT OR MULTI-UNIT DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT D.ITEM 1~~ **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “we”, “us” or “our” means TruFusion Franchising, LLC, the franchisor. “You” or “Yours” means the person (or persons), corporation, partnership, limited liability company or other legal entity that is granted the franchise. If you are a legal entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders and their spouses if you are a corporation;~~(ii)~~ (ii) each of your partners and their spouses if you are a general partnership; or (iii) each of your members and managers and each of their spouses if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty. Each individual who signs the Guaranty must also agree to be bound by the confidentiality and non-competition covenants of the Franchise Agreement.

The Franchisor

We are a Nevada limited liability company formed in March, 2015. We do business only under our corporate name and maintain our principal business address at 2240 Corporate Circle, Suite 160, Henderson, NV 89074. Our agents for service of process, which vary by state, are identified in Exhibit A to this Disclosure Document.

We offer and sell franchises for the operation of TruFusion group fitness studios (~~the “~~each a, "TruFusion Studio” or “the “Franchised Business”). We began offering franchises for TruFusion Studios in May 2015. We do not operate a business similar to the franchise being offered to you~~. However~~, but as noted below, our affiliates currently operate ~~TruFusion group fitness studios. Beginning in May, 2015, we began to offer franchises for TruFusion group fitness studios~~2 TruFusion Studios.

From May~~,~~ 2015 ~~through~~to April~~,~~ 2018, we also offered Area Representative franchises under a separate disclosure document. We currently have 14 Area Representative franchisees in Arizona, California, Florida, Missouri, Nevada, New Jersey, Pennsylvania, Texas, Utah and Washington. We are no longer offering Area Representative franchises, although ~~reserve the right to~~may do so in the future under a separate disclosure document. Otherwise, we have never offered franchises in any other line of business. We have no other business activities.

Parents, Predecessors and Affiliates

We have no predecessors. Our parent, TruFusion, LLC, a Nevada limited liability company was formed in March~~, 2015~~ 2015, and maintains its principal place of business at 2240 Corporate Circle, Suite 160, Henderson, NV 89074. It does not operate a business similar to franchise being offered to you.

Our affiliate, TruFusion Yoga, LLC, a Nevada limited liability company was formed in March~~, 2013~~ 2013, and maintains its principal place of business at 8575 S Eastern Avenue, Las Vegas, NV 89123. It has operated a TruFusion ~~group fitness studio~~Studio since 2013.

Our affiliate, TruFusion Management, LLC, a Nevada limited liability company was formed in May~~, 2017~~ 2017, and maintains its principal place of business at 2240 Corporate Circle, Suite 160, Henderson, NV 89074. It currently provides administrative services for our affiliated businesses, including our two affiliated TruFusion ~~group fitness studios~~Studios.

Our affiliate, TruFusion Blue Diamond, LLC, a Nevada limited liability company was formed in February~~, 2017~~ 2017, and maintains its principal place of business at 4750 Blue Diamond Road, Suite 100, Las Vegas, Nevada 89139. It has operated a TruFusion ~~group fitness studio~~Studio since February~~,~~ 2017.

Our affiliate, TruFusion West Hollywood LLC, a Nevada limited liability company was formed in July 2019, and maintains its principal place of business at 9000 North LaBrea Avenue, Los Angeles, California 90038. It is the operator of a TruFusion Studio projected to open in 2020.

Our affiliate, Tru Distribution LLC, a Nevada limited liability company was formed in March~~, 2018~~ 2018, and maintains its principal place of business 2240 Corporate Circle, Suite 160, Henderson, NV 89074. It is the approved supplier of certain items used in the operation of TruFusion ~~studios~~Studios, including but not limited to; (a) fitness equipment for ~~your studio~~the Studio (defined below), including free weights, conditioning equipment, aerial fitness swing sets, yoga equipment and supplies, cardiovascular equipment and additional equipment required to operate ~~your studio~~the Studio in accordance with the Confidential Operations Manual (as defined in Item 11); (b) Furniture, Fixtures and Supplies for ~~your studio~~the Studio including TruFusion branded fixtures and approved furnishings per your Specification Book; (c) retail merchandise for sale at ~~your studio~~the Studio, including TruFusion merchandise and apparel, as well as additional apparel and accessories to be displayed and sold in ~~your studio.Our affiliate, Tru Fly Gym, LLC, a Nevada limited liability company was formed in September 2015 and maintains its principal place of business at 2240 Corporate Circle, Suite 160, Henderson, NV 89074. It is the sole supplier of aerial fitness swing sets to our franchisees.~~the Studio.

Our parent and affiliates have not engaged in any other lines of business and have not offered franchises in any line of business.

The Franchise Offered

We grant franchises for the right to operate ~~a~~ TruFusion ~~group fitness studio~~Studios, which ~~offers a variety of~~offer a wide and unique variety of classes and amenities that are more expansive than typical group fitness studios. TruFusion Studios specialize in heated and unheated classes including, but not limited to, yoga, Pilates, HIIT, suspension training, cycle, barre, aerial yoga, kettlebell, battle -ropes, boxing and boot -camp, teacher training programs, nutritional workshops, off-site retreats and other related programs and activities. ~~The~~ TruFusion ~~group fitness studios~~Studios offer first-class amenities, including ~~a~~ locker rooms with showers, food and beverage offerings and a retail area offering TruFusion merchandise and apparel, as well as additional apparel, equipment, supplies and accessories. We call the TruFusion Studio you operate, the "Studio." Upon review and with written approval, we may also allow certain TruFusion ~~group fitness studios~~Studios to offer additional services such as child care, a health- conscious quick service café, massage, and/or a blow-out bar. Each TruFusion Studio is governed by our franchise agreement, the current form of which is attached as Exhibit B hereto (the "Franchise Agreement").

~~Our Studios are generally~~We offer two types of TruFusion Studios: (i) "Flagship Studios", and (ii) "Express Studios." Flagship Studios consist of 4-5 rooms and typically total 10,000 – 14,000 square feet~~, with 4-5 rooms and offer a wide variety of classes and amenities that smaller group fitness studios cannot provide. In certain markets and/or conditions, and with our prior written approval, we may permit you to operate a smaller footprint with limited classrooms and offerings~~. Express Studios generally consist of 2-3 rooms and typically total 4,500 to 7,500 square feet. Express Studios have the same class offerings and amenities as our Flagship Studios, but the scale is smaller and the frequency of classes offered is less. Unless otherwise specified in this Disclosure Document, references to "TruFusion Studios" include both Flagship Studios and Express Studios.

TruFusion ~~group fitness studios~~Studios operate under our unique system relating to the establishment, development and operation of the Franchised Business (the "System"). The System includes the Proprietary Marks (as defined below), recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, computer systems and software and wall, ceiling and display designs; know-how, training, education, fitness and yoga programming, food recipes, menus and trade secrets; uniform specifications of products and services; sales techniques, and merchandising, marketing, advertising, and inventory management systems; quality control procedures; and procedures for operation and management of TruFusion ~~group fitness studios~~Studios. We may periodically make changes to the System, including System standards, facility location requirements, signage, equipment, and fixture requirements. You will operate ~~your~~the Studio the days and hours we specify, subject to your lease requirements.

The "Proprietary Marks" include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademark "TruFusion~~™"~~®" which we have designated or may in the future designate for use in connection with the System.

~~Multi-Unit~~ Development Agreement Rider to the Franchise Agreement

We offer ~~a Multi-Unit Development Agreement for the development of at least two TruFusion group fitness studios with~~development rights to qualified franchise owners, who must commit to developing up to 3 TruFusion Studios within a defined development area and according to a pre-determined development schedule. Each TruFusion Studio will be governed by our then-current form of franchise agreement, which may have materially different terms than the Franchise Agreement. Our ~~Multi-Unit~~ Development Agreement Rider to the Franchise Agreement is attached as Exhibit ~~"~~C~~"~~ to this Disclosure Document~~. You will be required to open each Studio in accordance with a development schedule. The first Studio must be open within 12 months. The Franchise Agreement for each TruFusion group fitness studio developed under the Multi-Unit Development Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed, except the royalty fees and other ongoing fees payable to~~

~~us will not exceed the fees currently being offered under this disclosure document~~ (the "Development Rider").

Market and Competition

You can expect to compete in your market with locally-owned businesses, as well as national and regional chains that offer group fitness and other services offered by TruFusion ~~group fitness studios~~Studios. The market for the products and services offered by TruFusion ~~group fitness studios~~Studios is well-established and highly competitive. The ~~TruFusion group fitness studio~~Studio may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns.

~~Your~~The Studio will compete on the basis of various factors such as price, service, location, convenience, types of classes and the variety of classes offered. Most businesses that offer competing services are conducted from small studios. They generally do not offer locker rooms, health bars and the wide variety of classes that TruFusion ~~group fitness studios~~Studios offer.

We recommend that you consult with your own independent business advisors to evaluate these and other factors before deciding to invest in a TruFusion ~~group fitness studio~~Studio.

Industry-Specific Laws and Regulations

~~Your~~The Studio will be subject to various federal, state and local laws and regulations that apply to health and fitness clubs and laws that apply to business generally. ~~Your~~The Studio must comply with all state and local health and sanitation laws and regulations. ~~Your~~The Studio will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally.

You should investigate the application of these laws further. It is your sole responsibility to comply with them.

If we permit ~~your~~the Studio to offer child care services, you will be subject to various federal, state and local laws and regulations, which are specific to child safety, which may include licensing and registration requirements, personnel screening obligations involving background checks and criminal records checks; personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; specified minimum indoor and outdoor physical facilities and equipment; requirements that structures provide shade; food service requirements; and record keeping. You would be required to investigate, keep informed of and comply with these laws as well as other federal, state and local laws regulating child safety in the operation of ~~your~~the Studio.

You will also be subject to laws and regulations affecting the food service business including safety and health codes, and refrigeration requirements. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture and state and local health and sanitation agencies have regulations related to the preparation of food and the condition of facilities that offer food to the public. The operation of ~~your~~the Studio may require a license for preparing and serving food on- premises.

Some states may impose restrictions on membership sales, including escrow and/or bond requirements for pre-sale memberships or for membership sales that are valid for more than a specified time period.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect the Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Mike Borden – Chief Executive Officer and Co-Founder

~~Mike~~Mr. Borden has been our Chief Executive Officer since our formation in March~~, 2015 through the present. Mike~~ 2015. Mr. Borden has also served as the CEO of each of our affiliates since their formation ~~through the present~~. Additionally, ~~Mike~~Mr. Borden has been the CEO of Sandbags, LLC in Las Vegas, Nevada~~, from~~ since May ~~2012 through the present.~~2012.

Martin Hinton ~~-~~– Chief Soul Officer and Co-Founder

~~Martin~~Mr. Hinton has been our Chief Soul Officer ~~from October 1, 2016 through the present. From March,~~since October 2016. Prior to his current role, Mr. Hinton served as the Senior Vice President of Fitness from March 2015 through September~~, 2016, Martin served as our SVP of Fitness. Martin~~ 2016. Mr. Hinton has also served as the Chief Soul Officer of our affiliate, TruFusion Yoga, LLC~~, from~~ since October ~~1, 2016 through the present.~~2016. He served as SVP of Fitness for TruFusion Yoga from June~~,~~ 2013 through September~~,~~ 2016.

Kari Comrov – President

~~Kari~~Ms. Comrov has been our President ~~from~~since July~~, 2019 to the present.~~ 2019. She was previously our Vice President of Pre-Opening Operations from April~~,~~ 2019 to July~~,~~ 2019. Prior to TruFusion, ~~Kari was the~~Ms. Comrov served in the following roles for Seva Beauty, LLC, which is located in Chicago, Illinois: (i) Chief Operating Officer ~~of Seva Beauty~~ from March~~,~~ 2017 ~~through~~to April~~, 2019. Kari also served as the~~ 2019; (ii) Chief of Staff ~~at Seva Beauty~~ from March~~,~~ 2016 through March~~, 2017. From March, 2015 through March, 2016, she was the~~ 2017; and (iii) Senior Director of Sales and Operations ~~at Seva Beauty and~~ from March~~, 2014 through March, 2015 she was Director of Operations.~~ 2015 to March 2016.

Rusty Bridges- Chief Operating Officer

Mr. Bridges has been our Chief Operating Officer since April 2020. Prior to that, he served as our Executive Vice President from August 2019 to April 2020. Prior to joining TruFusion, Mr. Bridges was the President of Amp Media Solutions from July 2017 to August 2019 located in Los Angeles, California. From August 2012 to July 2017, Mr. Bridges was the President of Collective Contract located in Las Vegas, Nevada. In addition to TruFusion, Mr. Bridges is the President of Beacon Evo, LLC, located in Las Vegas, Nevada.

Caitlyn Weiss – ~~Senior~~Executive Vice President of Franchise Development

~~Caitlyn~~Ms. Weiss has been our ~~Senior~~Executive Vice President of Franchise Development since ~~August 2019, previously working as our~~October 2019. Prior to her current role, Ms. Weiss served in the following roles for TruFusion: (i) Senior Vice President of Franchise Development ~~since October 1, 2017. Caitlyn served as our~~from August 2019 to October 2019; (ii) Vice President of Franchise Development from October 2017 to August 2019; and (iii) Retail and Purchasing Manager from February 2017 ~~through~~to September~~, 2017. From May, 2013 through February, 2015, Caitlyn was a Director of the RHT Talent Network with Stockton University in Galloway, New Jersey. From August, 2016 through the present, Caitlyn has been~~ 2017. Ms. Weiss is also a Hospitality Instructor for the University of Nevada – Las Vegas in Las Vegas, Nevada~~.~~, and has been since August 2016. From May 2012 to February 2015, Ms. Weiss was the Director of Retail, Tourism & Hospitality Talent Network at Stockton University in Galloway, New Jersey.

~~Mike Calvey – Vice President of Franchise Development~~

~~Mike has been the Vice President of Franchise Development since April 2019. Prior to joining TruFusion, Mike was the Director of Suite Sales for the Oakland Raiders from July, 2017 to November, 2018 and the Director of Premium and Suite Sales for the Miami Dolphins from January, 2014 to September 2017.~~

Lisa Davis – Vice President of Operations

Ms. Davis has been our Vice President of Operations since November 2019. Prior to her current role, Ms. Davis served in the following roles for TruFusion: (i) Vice President of Teacher Development from September 2018 to October 2019; (ii) Fitness and Yoga Department Coordinator from October 2017 to September 2018; (iii) Director of Yoga for Las Vegas Corporate Studios from February 2017 to October 2017; and (iv) Director of Yoga TruFusion Blue Diamond from October 2016 to February 2017. From March 2015 to September 2017, Lisa was a private yoga instructor and trainer in Las Vegas, Nevada.

Vanessa Padilla – National Director of Operations

Ms. Padilla has been our National Director of Operations since November 2019. Prior to her current role, Ms. Padilla served in the following roles: (i) Director of Corporate Studios from October 2017 to November 2019; (ii) General Manager of TruFusion Yoga from October 2016 to October 2017. From January 2014 to October 2016, Ms. Padilla was the General Manager at Starbucks in Las Vegas, Nevada.

ITEM 3
LITIGATION

~~Except as set forth below, no litigation is required to be disclosed in this Item:~~

~~Seth Manheimer v. TruFusion Yoga, LLC, TruFusion Franchising, LLC, Michael Borden, Martin Hinton, *Case No. 2:16 –cv- 02186 – JCM-NJK, United States District Court, District Court of Nevada*. On September 16, 2016, Mr. Manheimer filed a complaint against us, our affiliate TruFusion Yoga, LLC, and our co-founders, alleging Breach of Loyalty, Constructive Fraud, Breach of Operating Agreement,~~

~~Breach of Oral Agreement, Intentional Interference with Prospective Economic Advantage, Common Law Conspiracy, Trademark Infringement, False Designation of Origin and Unfair Competition, Counterfeiting, and Fraud. Mr. Manheimer was a minority (one percent) investor in TruFusion Yoga. The complaint alleged that a verbal agreement was reached for Mr. Manheimer to own between 45%- 49% of the ownership interest of TruFusion Yoga. When a final written agreement was not reached, Mr. Manheimer further alleges that a verbal agreement was reached for Mr. Borden to buy out Mr. Manheimer's one percent (1%) ownership interest for an amount initially equal to $97,000, but subsequently reduced to $85,000.~~

~~On December 30, 2016, TruFusion Yoga, TruFusion Franchising and our parent company, TruFusion, LLC, filed a counter claim against Mr. Manheimmer for Abuse of Process, Intentional Interference with Prospective Economic Advantage, Conversion and Breach of Fiduciary Duty.This matter proceeded to a jury trial before the United States District Court for the District of Nevada between September 17, 2018 through September 28, 2018. Prior to trial, TruFusion dismissed its counter claims and the Court entered a directed verdict summarily dismissing all of Manheimer's claims, except claims for breach of contract, monies owed, as well as an advisory question regarding regarding the percentage of ownership that Manheimer holds in Trufusion LLC. On September 28th, 2018, the Jury returned a Verdict that found that Manheimer is the owner of 0.8% of Trufusion LLC and is entitled to be repaid loans that Manheimer made to Trufusion LLC in the sum of $55,000.00. The Company is presently waiting on the Court to enter final judgment on these claims.~~No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee for a TruFusion franchise is $65,000. ~~Except as noted below, the~~The initial franchise fee is uniform to all franchisees and must be paid in full when you sign the Franchise Agreement. ~~In our previous fiscal year the initial franchise fees collected ranged from $10,000-$50,000 for certain individuals who executed Area Representative Agreements. We currently no longer offer Area Representative opportunities.~~ The initial franchise fee is not refundable under any circumstances.~~The~~ We did not collect any reduced initial franchise ~~fee is used for site selection assistance, training and other pre- opening support~~fees during our last fiscal year.

Layout Concepts Fee

As part of your site selection process, for sites that we approve LOI submission, we will provide you with up to five unique space layout concept options to aid in the evaluation of potential sites. These layouts are for the purpose of evaluating whether or not a TruFusion ~~studio~~Studio will fit in a potential space and ~~is~~are not intended to represent final or architectural designs in any way. Additional and/or excessive requests may result in additional fees of up to $250 per layout. For all layout concept requests, if we are not provided with CAD files, we may charge a fee of up to $500 to re-draw PDF files of as-is drawings/floor plans.

Software License and Setup Fees

Before opening ~~your TruFusion studio~~the Studio, you will be required to implement specific software solutions related to selling and managing memberships, managing studio business, point of sale transactions, reporting, utilizing the TruFusion member-facing app, accessing our online learning management system, accessing online franchise management software, using corporate-provided email accounts, utilizing in-studio technology, TruQ software, and otherwise operating ~~your TruFusion studio~~the Studio per system requirements. All software and related hardware must be purchased through us or a designated affiliate or vendor. We charge an initial non-refundable setup fee of $500 and monthly fees as described in Item~~6.~~ 6. The setup fee will be charged 30 days prior to the anticipated start date of selling pre- sale memberships in anticipation of ~~your studio~~the Studio's opening and as we designate. Software licensing and setup fees are subject to change.

~~**Pre-Opening Training/Travel Team Fees**~~

~~**As described in Items 6, 7, and 11 in this disclosure document, you will receive comprehensive pre-opening training for a designated number of staff as part of your franchise fee, excluding travel costs, meals, and per diems. Additional training is available and you may include more than the allotted number of staff in the trainings at an additional expense, starting at $2,000 per day. Approximately 45 days before scheduled soft opening of your studio, at our discretion we may, at your expense, place a Studio Opening Specialist at your studio/in your market for the purpose of providing additional training, assist in studio operations training and approving instructors to teach specific genres in preparation for your opening. The fee for the Studio Opening Specialist package is $10,000 for the first month; $9,200 for any full months thereafter or daily rates of $300 for amounts less than a full month (after the first full required month.) Certain regions or markets may require additional housing and travel expenses. Fees may be prorated and will be paid to us directly to us.**~~

Purchases from Tru Distribution, LLC

Before ~~your studio~~the Studio opens, you must purchase the following items from our affiliate, Tru Distribution, LLC: (a) fitness equipment for ~~your studio~~the Studio, including free weights, conditioning equipment, yoga equipment and supplies, cardiovascular equipment and additional equipment required to operate ~~your studio~~the Studio in accordance with the Confidential Operations Manual~~.~~; (b) ~~Furniture, Fixtures and Supplies~~furniture, fixtures and supplies for ~~your studio~~the Studio including TruFusion branded fixtures and approved furnishings per your ~~Specification Book.~~specification book; and (c) an initial inventory supply of retail merchandise for sale at ~~your studio~~the Studio, including TruFusion merchandise and apparel, as well as additional apparel and accessories to be displayed and sold in ~~your studio~~the Studio.

We estimate the cost of your ~~fitness equipment will range from $16,000 - $141,000 depending on the size of your studio. Additional equipment purchases from outside suppliers estimated cost range is $40,055 - $63,620.We estimate the cost of the initial inventory supply of TruFusion~~ purchases from Tru Distribution, LLC to range from: (i) $25,860 - $167,100 for fitness equipment, fixtures, furniture and equipment; and (ii) $17,900 - $35,000 for opening inventory including; retail merchandise (including for retail merchandise (including shirts, water bottles, hat and other items we determine) ~~will range from approximately $10,000 - $15,000.~~, rental inventory (including towels, yoga mats and other items we determine) and studio supplies (locker room amenities, employee uniforms and other items we determine). These ranges depend on the location and size of the Studio. You may be required to purchase other items from our designated suppliers prior to opening the Studio. A full estimate of these costs is contained in Item 7 below.

The Layout Concept fee, Software License and Setup Fees, and Pre-Opening Training/Travel Team Fees are not refundable under any circumstances. Purchases from Tru Distribution, LLC are not refundable under any circumstances, but will be subject to our then current exchange policy.

~~Multi-Unit~~ Development ~~Agreement~~Rider

If we allow you to sign our ~~Multi-Unit~~ Development ~~Agreement~~Rider, you ~~must develop a minimum of two TruFusion group fitness studios. You will pay a development fee ("Development Fee") in full when you sign the Multi-Unit Development Agreement.~~ will be permitted to develop and operate up to 3 TruFusion Studios for a Development Fee of $130,000, which is an amount equal to the sum of the initial franchise fee for one studio ($65,000) plus the initial franchise fees for an additional two studios, each at half-price ($32,500). The Development Fee is fully earned and payable to us upon entering the Development Rider. The Development Rider permits you to develop up to 3 TruFusion Studios, but if you fail to timely develop the TruFusion Studios or you and we mutually agree that you will only open 2 TruFusion Studios, the Development Fee will not be refunded to you.

The Development Fee is imposed uniformly on all multi-unit developers and is not refundable under any circumstances. We do not offer financing for any portion of the Development Fee.~~You will pay a Development Fee equal to: (i) $65,000 for the first location, (ii) $65,000 for the second location, (iii) $60,000 for the third location, (iv) $60,000 for the fourth location;(v)$55,000 for the fifth location; and (vi) $50,000 for each location beyond the fifth~~ If you sign the Development Rider, pay the Development Fee, and then cannot find sites for TruFusion Studios or choose not to perform for another reason, we may keep the entire Development Fee and need not return any money to you.

You will sign the Franchise Agreement for each TruFusion ~~group fitness studio~~Studio (on our then-current form of Franchise Agreement except the royalty fees and other fees payable to us will not exceed the fees currently being offered under this disclosure document) when the site for that TruFusion Studio is located, but pay no additional Initial Franchise Fee at that time.

ITEM 6
OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS

Royalty Fee	8% of Gross Revenues.	Payable weekly, but no later than the Tuesday following the reporting week which ends the immediately preceding Sunday or other day determined by ~~Franchisor~~us. ~~See Note 1.~~	~~Royalties are paid to us. Gross Revenues is defined in~~See Note 1.
Brand Development Fund	Up to 2% of Gross Revenues. Currently 1%.	Weekly; amounts payable to the Fund due at the same time and the same manner as ~~your weekly royalty~~the Royalty Fee.	See Note ~~2.~~1.
~~NAME OF FEE~~	~~AMOUNT~~	~~DUE DATE~~	~~REMARKS~~
Relocation Fee	Fee equal to our costs and expenses.	On demand.	You must reimburse us for our out-of-pocket costs and expenses promptly upon receipt of our invoice. These amounts are due and payable only if you relocate ~~your~~the Studio, subject to our approval.
Transfer Fee	The greater of ~~(i)~~ (i) 50% of the then current initial franchise fee or (ii) $~~32,500~~32,500.	Prior to transfer.	~~Transfer Fee~~The transfer fee is paid to us. The transfer fee does not apply to transfers where the transferee is an entity controlled and owned by Franchisee.
Renewal Fee	The greater of (i) 25% of the then current franchise fee; ~~subject to a~~or (ii) $~~16,250 minimum.~~16,250.	Prior to ~~renewal~~renewing the Franchise Agreement.	~~See Item 17 for a further explanation of renewal conditions~~The Renewal Fee is paid to us.
Insurance	Cost of insurance.	As incurred.	We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses.
Audit expenses	All of our costs and expenses.	As incurred.	See Note ~~3~~3.
NAME OF FEE	AMOUNT	DUE DATE	REMARKS

Collection Costs, Attorneys' Fees and Interest	See Note 4	As incurred.	See Note ~~4~~4.
Bank Charges and Administrative Costs	Our then-current fees.	Upon invoice.	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note ~~5~~5.
~~Initial and~~ Additional Training	Our then current fee; currently $2,000 per person.	As incurred.	Business training for 2 and initial instructor training for up to 3, including the operator, is included in the initial franchise fee. Additional fees may incur if you request additional trainees or we require additional training. See Note 6.
~~**NAME OF FEE**~~	~~**AMOUNT**~~	~~**DUE DATE**~~	~~**REMARKS**~~
TruYou Online Learning Management System Fee	Our then-current fee; Currently, $125 for up to 20 users.	Monthly; collected with your first royalty payment each month.	The Learning Management System Fee is paid to us. It provides franchisees and their personnel with access to our online video training and other training materials. Additional users may result in additional fees.
Testing, New Product or New Supplier Approval	Cost of review and testing with a minimum fee of $500 plus costs which is refunded if approved for use by the Franchisor for entire system.	Upon request by us.	We may review and consider items you wish to use in ~~your~~the Studio or from suppliers or sources that we have not previously approved. We may require you to pay us, or the independent testing facility that we designate, a fee for the testing. We may also charge you a fee for services in making a determination on the proposed product or supplier.
~~**De-Identify Premises**~~	~~**Costs plus reasonable administrative fee.**~~	~~**As incurred.**~~	~~**If you don't de-identify your Studio following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.**~~
Technology Fee	Our then current fee; Currently, a one -time $500 set up fee; $1,500 per month (subject to annual increase in the Consumer	Monthly; collected with your first royalty payment each month.	Includes technology and software platforms used to support the operations of a TruFusion Studio. This fee includes website management and update, email server, studio management/POS system, franchise management system, and internal communication system for teachers and other personnel.

	Price Index).		
NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Management Fee	See Note 7	Weekly with Royalty payment.	If you are in default of the Franchise Agreement or ~~we have deemed~~ you fail to maintain the Studio in accordance with our standards, we may send our personnel to manage the Studio until the default is cured or you are able to meet our standards.
Lease Review Fee	Our out-of-pocket expenses, which we estimate to be $1,000 or less.	As incurred.	To the extent you request that we review a document related to you lease of the Approved Location, you must compensate us and/or our affiliate for their time, costs, and expenses incurred in reviewing such documents that we or a third-party landlord require for the Approved Location.
~~**NAME OF FEE**~~	~~**AMOUNT**~~	~~**DUE DATE**~~	~~**REMARKS**~~
Lead Management, Data Collection and Reporting Software	Our then current fee; Currently, $150 - $250 per month.	Monthly; collected with your first royalty payment each month.	This fee is for Lead Management CRM and KPI Data monitoring and reporting software.
E-Mail Marketing Fee	Our then-current fee; Currently, a one-time set up fee of $250 and approximately $200 - $1,000 per month depending on usage and volume.	Monthly; collected with your first royalty payment each month.	This program is currently optional. We have engaged a third-party service to administer the System's e-mail marketing campaigns. We collect the monthly fees and disburse these amounts to the third -party provider.
Annual Conference	Up to $1,000 per person.	As incurred	We may require you (or your managing operator), your lead instructors and/or ~~your~~the Studio's manager to attend each Annual Conference. You must pay us a registration fee, which we expect to not exceed $1,000, per attendee. You will be responsible for all travel and living expenses for all of ~~your~~the Studio's representatives.

Annual Training Summit	Up to $500 per person	As incurred	We may require you (or your managing operator), your lead instructors and/or ~~your~~the Studio's manager to attend our Annual Training Summit. You must pay us a registration fee, which we expect to not exceed $500, per attendee. You will be responsible for all travel and living expenses for all of ~~your~~the Studio's representatives.
NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Non- Compliance Fee	Up to $1,000 per notice of violation	14 days after notice of violation	We may assess a non-compliance for violations of the Franchise Agreements and/or the Confidential Operations Manuals. We reserve all other rights and remedies.

Notes:

General: Unless otherwise stated, all fees are paid to us and are non-refundable. All fees are imposed uniformly. We ~~reserve the right to~~may collect all fees due to us through electronic funds.

1. "Gross Revenues" are defined in the Franchise Agreement to include all ~~income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of~~revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Franchised Business, ~~at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of~~including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales), food and beverage items, and tangible property of any nature. Gross Revenues ~~does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities~~do not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority.

   We may designate a third party back office solutions provider (currently Mind Body), to facilitate your membership billing. After each weekly draft, the membership dues revenue will be deposited into your designated bank account. After the deposit, the designated back office solutions provider will withdraw any amounts due to us under this Agreement, including your Royalty Fee, Fund Contribution and other fees payable to us. On the payment dates designated in the Franchise Agreement, we will calculate the amount due and the designated back office solutions provider will make the deposit to our designated account on your behalf. All records of the transactions will be provided to you weekly. Any other payments due to us must be made by you by electronic funds transfer to an account we designate.

2. You must participate in and contribute the amount that we require (up to 2% of Gross Revenues) to the Fund. We currently require you to contribute 1% of your weekly Gross Revenues to the Fund.

3. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 2% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported.

4. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial ~~or~~ proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim judicial proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and litigation expenses.

5. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Franchised Business, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

6. The franchise fee includes new franchisee onboarding for three (3) people, including you or your Operating Principal (if an entity), held in Las Vegas, NV and initial training program for two (2) people, including your General Manager to attend our initial business training program held in Las Vegas, Nevada and the cost for three (3) instructors to attend our instructor training program, also held in Las Vegas, Nevada. However, you will be required to pay personal expenses, including transportation, lodging, meals and salaries for your employees. We may require that you complete additional training as well. If we provide you with additional training, we ~~reserve the right to~~may charge you for such training. Additional instructor training will be charged at our then-current rate, which is $2,000 per instructor. All other training will be charged at our then- current rate for additional training, which as of the date of this disclosure document is $1,000 per person per day. You are also responsible, at your own expense, to pay for all travel, room and board and wages, if applicable, for you and your employees during this training.

7. In the event we must operate the Franchised Business due to your default or failure to operate the Studio in accordance with our standards, or due to death, disability, etc., you must pay us a management fee equal to 10% of the Franchised Business' Gross Revenues. In addition, you are also required to pay our expenses and other fees, such as royalties.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

1. Flagship Studio

Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$65,000	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction, Leasehold Improvements[2]	$~~1,045,000~~1,590,000 - $~~2,800,000~~2,883,000	As incurred	Before opening	Contractor/Third-party providers
Tenant Improvements[3]	($620,000 - $868,000)	As Arranged	As Arranged	Landlord
Furniture, Fixtures and Equipment[~~3~~4]	$~~35,220~~32,750 - $~~160,900~~179,750	Lump sum	Before opening	Our affiliate and Third-party providers
Signage[~~4~~5]	$6,500 - $20,000	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System	$~~9,000 –~~12,500 - $~~14,000~~15,000	Lump Sum	Before opening	Third-party providers
Opening Inventory	$~~10,000~~32,750 - $~~15,000~~47,000	As incurred	Before opening	Our affiliate and Third-party providers
Rent Deposits[~~5~~6]	$~~30,000~~27,800 - $~~45,000~~224,000	As incurred	Before opening	Landlord
Utility Deposits[~~6~~7]	$2,500 - $6,000	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[~~7~~8]	$2,500 - $5,500	As incurred	Before opening	Insurance company
Pre-opening Travel Expense[~~8~~9]	$4,500 - $9,000	As incurred	Before opening	Airline, hotel, restaurants
Grand Opening Advertising[~~9~~10]	$15,000 - $20,000	As incurred	See Note 9.	Third parties
Professional Fees[~~10~~11]	$~~120,000~~75,000 - $~~225,000~~200,000	As arranged	Before opening	Attorneys, accountants, architect
Business Permits and Licenses[~~11~~12]	$3,710 - $5,000	As incurred	Before opening	Licensing Authorities
Additional ~~funds~~Funds – 3 Months[~~12~~13]	$150,000 - 250,000	As incurred	After opening	Various

TOTAL ESTIMATED INITIAL INVESTMENT~~13~~14	$~~1,498,930~~1,400,510 - $~~3,640,400~~3,061,250			

2. Express Studio

Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$65,000	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction, Leasehold Improvements[2]	$776,750 - $1,322,000	As incurred	Before opening	Contractor/Third-party providers
Tenant Improvements[3]	($279,000 - $465,000)	As Arranged	As Arranged	Landlord
Furniture, Fixtures and Equipment[4]	$28,500 - $102,300	Lump sum	Before opening	Our affiliate and Third-party providers
Signage[5]	$3,000 – $12,000	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System	$12,500 - $15,000	Lump Sum	Before opening	Third-party providers
Opening Inventory	$27,250 – $32,750	As incurred	Before opening	Our affiliate and Third-party providers
Rent Deposits[6]	$12,510 - $120,000	As incurred	Before opening	Landlord
Utility Deposits[7]	$2,500 - $6,000	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[8]	$2,500 - $5,500	As incurred	Before opening	Insurance company
Pre-opening Travel Expense[9]	$4,500 - $9,000	As incurred	Before opening	Airline, hotel, restaurants
Grand Opening Advertising[10]	$15,000 - $20,000	As incurred	See Note 9.	Third parties
Professional Fees[11]	$75,000 - $200,000	As arranged	Before opening	Attorneys, accountants, architect
Business Permits and Licenses[12]	$3,710 - $5,000	As incurred	Before opening	Licensing Authorities

Additional Funds – 3 Months[13]	$150,000 - $250,000	As incurred	After opening	Various
Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
TOTAL ESTIMATED INITIAL INVESTMENT[14]	$899,720 - $1,699,550			

Notes:

1) The initial franchise fee for a TruFusion franchise is $65,000. The initial franchise fee is not refundable.

2) ~~This~~These amounts represent our estimate ~~is for the~~of the build-out and construction costs for ~~the development of a TruFusion group fitness studio with approximately 10,000 square feet to 14,000 square feet. The low end represents an estimate for a 10,000 square foot, four room studio and assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Studio. The high end represents an estimate for~~TruFusion Studios. For Flagship Studios, the low end is based on a 10,000-square foot TruFusion Studio while the high end is based on a 14,000~~ square foot, five room studio and assumes that the construction and build-out costs for your Studio are not offset by any tenant improvement allowance or the landlord peforming any improvements. Any tenant improvement allowance is based on several factors, including the credit worthiness of the prospective client and condition and size of the space requirements~~-square foot TruFusion Studio. For Express Studios, the low end is based on a 4,500-square foot TruFusion Studio while the high end is based on an 7,500-square foot TruFusion Studio. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any TruFusion ~~group fitness studio~~Studio location, there are many variables that may impact your overall costs including ~~landlord contribution,~~ the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. We have no way of knowing your total investment cost. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

3) These amounts represent an allowance or credit a landlord typically provides to offset the remodeling and build-out costs you will incur to conform your site for the Studio to our specifications. These amounts are based on a credit equal to $62/square foot, which is the current average from all known tenant improvement allowances that we have received to date, including

from affiliate-owned and franchisee-owned TruFusion Studios. Any tenant improvement allowance is based on several factors, including the credit worthiness of the prospective client and condition and size of the space requirements. We consider tenant improvement allowances integral to any build-out for TruFusion Studios and may require such allowances prior to approving a given lease agreement for a site.

4) ~~3)~~These figures represent the purchase of the necessary furniture, fixtures and equipment from suppliers to operate the Studio, including Tru Distribution, LLC. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

5) ~~4)~~This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as other exterior signage such as logo graphics for the windows.

6) ~~5)~~This is the amount we estimate ~~represents~~you will pay for a security deposit on the Studio. The range for Flagship Studios is based on a 10,000 - 14,000 square foot facility ~~in a C market~~and the range for Express Studios is based on a 4,500 – 7,500 square foot facility. Prepaid rent is generally non- refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. The amount of rent will depend on local market conditions. The amount of the security deposit will also depend on local market conditions and vary per landlord, as well as the experience and credit worthiness of the franchisee.

7) ~~6)~~A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

8) ~~7)~~This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

9) ~~8)~~This estimate is for the cost for three (3) people, including you or your Operating Principal (if an entity), to attend our new franchisee onboarding program held in Las Vegas, Nevada, two (2) people, including your General Manager to attend our initial business training program held in Las Vegas, Nevada and the cost for three (3) instructors to attend our instructor training program, also held in Las Vegas, Nevada. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees or additional training either required by us or requested by you.

10) ~~9)~~You are required to spend at least $10,000 in advertising and promotions during the period approximately 90 days before and at least $5,000 in advertising and promotions approximately 90 days after ~~your TruFusion~~the Studio opens.

11) ~~10)~~These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. It also includes the cost of an architect. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

12) ~~11)~~You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate the Franchised Business. The figures represented here reflect the range of expenditures for licenses and permits to open a TruFusion ~~group fitness studio~~Studio in Las Vegas, Nevada.

13) ~~12)~~This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations, not including rent. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. It does not include an owner's draw. These items are by no means all -inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

14) ~~13)~~We and our affiliates do not offer financing, directly, or indirectly for any part of the initial investment. In general, none of the expenses listed in the above chart are refundable, except any security deposits or utility deposits you must make may be refundable. This total amount is based upon the historical experience of our ~~affiliate~~affiliates. We may require that you provide us your costs to build-out the Studio. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We~~,~~ and our affiliates~~,~~ have spent considerable time, effort and money to develop the TruFusion System. ~~Your~~The Studio must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a TruFusion Studio in three ways. Some items can only be purchased from us and our affiliates, some only from suppliers we have approved and others only upon written approval and in accordance with our specifications and standards.

Required Purchases

You must purchase all furniture, fixtures, decorations, uniforms, food and beverage products, equipment, items and products containing the Proprietary Marks and other specified items exclusively in accordance with our standards and specifications that will be disclosed to you in the Confidential Operations Manual or otherwise. You must purchase these items from suppliers that we designate, which may include our affiliates.

Our affiliate, Tru Distribution, LLC is the only current approved supplier for training equipment such as yoga cloth straps, battle -ropes, hexagon dumbbells, TRX suspension, kettlebells, cycle shoes, private label items, yoga blocks, balance pads, resistance bands, Pilates balls, foam rollers, and bath & body product dispensers. We ~~**reserve the right to**~~may designate ourselves, or our affiliates, as the approved supplier for apparel, giveaway and marketing materials, and all other items, requested or required, to operate ~~**your**~~the Studio.

~~**Our affiliate, Tru Fly Gym, LLC is the only current approved supplier of aerial fitness swing sets.**~~

We ~~**reserve the right to**~~may designate our self or our affiliates as the only approved supplier for clothing, skin care products, software, private label items and the other items noted above. Currently, except as listed above, neither we nor our affiliates are approved suppliers of any items. However, Michael Borden and Martin Hinton have an ownership interest in Niyama SOL, which supplies clothing and other related items to TruFusion ~~**group fitness studios**~~Studios. Except for the foregoing, there are no other approved suppliers in which any of our officers or directors own an interest.

In addition to the above, we may require you, at your expense to enter into agreements with suppliers approved by us. Currently, you are required to purchase certain construction materials for your build-out such as lighting, flooring, paint, and fixtures. Additionally, you are required to purchase items for the operations of ~~**your studio**~~the Studio including membership tags, gift cards, locker room amenities, retail merchandise and apparel only from suppliers we have designated as required, recommended or approved by us. We may change or modify approved and required suppliers from time to time, and we or our affiliates may be designated or approved suppliers for certain items.

A current list of required, suggested and approved suppliers and products will be provided through the Confidential Operations Manual and other methods of communication including, but not limited to our Franchise Management System.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Confidential Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. We have the right to require studios to conform to changes within a reasonable timeframe after being notified in writing. There is no limit on our right to do so. You cannot be a supplier to other franchisees without our express written permission.

We estimate that the current required purchases in accordance with our standards and specifications and designated suppliers are approximately 90% of the cost to establish ~~your~~the Studio and approximately 75% of the ongoing supplies cost of ~~your~~the Studio.

Approval of New Suppliers or Items

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item for which approval is required from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request. If we do not respond within 30 days, the initial request should be considered declined.

Before approving any supplier, we may take into consideration: a) consistency of products and/or name brands, b) economies of scale achieved by larger volumes, c) delivery frequency and reliability, and d) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We ~~reserve the right to~~may withhold approval of a supplier for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. You must reimburse us for our reasonable costs of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the product or item. The cost of testing will be $500 plus any expenses incurred by us for the testing of the products or items. The cost of testing and expenses will be refunded to the franchisee if the product or item is approved for use for the entire System.

We may withdraw our approval at any time if any items or supplier~~'~~'s performance does not meet our criteria, we change our specifications, standards, requirements or other reasons.

Items purchased for use, sale or display in ~~your~~the Studio, without written approval will be required to be removed immediately at your expense, receive a non-compliance fee up to $1,000 and no further approval for that item or supplier will be reviewed or considered.

Revenues of Franchisor and Affiliates

We, and our affiliates, may derive income or revenue from franchisee purchases. We and/or our affiliates have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate. In our prior fiscal year, ~~neither we nor our affiliates received~~we did not receive any payments from any supplier or distributor~~, however we received $148,225.57, for the sale of items to Franchisees, which was 22.9% of our~~

~~revenues of $646,088.44 for the 2018 fiscal year. Our affiliates generated $298,640.54 from sales to our franchisees in the prior fiscal year~~ or generate any revenue as a result of franchisee purchases. Our affiliate, Tru Distribution, LLC received $9,574.15 from suppliers or distributors and generated $994,932.99 of revenue from required purchases or leases by our franchisees.

Approved Location

You are required to use a real estate broker from our network of approved licensed professionals in connection with ~~your~~the Studio site selection process. ~~Under special circumstances, we~~We may approve use of a different broker, however, you will be required to co-broker with our Master Real Estate Broker who is experienced with the brand and understands criteria for a successful location, as well as our requirements for reporting structure and selection process.

We must approve the location of ~~your~~the Studio and any applicable lease for the premises. Our approval of the lease will be conditioned upon it meeting our standards and your execution, and your landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 5 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease.

We will provide you with a sample layout and specifications for the Studio. You must hire an architect and related consultants, from our network of approved licensed professionals, to prepare your plans and make any necessary changes to our standard layout and specifications. We will not be liable for the architect's or consultant's performance or the architect's/ consultant's compliance with professional design standards or adherence to local codes. Before we approve your final architectural renderings, plans, and specifications for your Franchised Business, either the architect or you must certify to us that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the ~~"~~"ADA~~"~~"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities.

You must hire a general contractor from our network of approved licensed professionals to complete the build-out of ~~your~~the Studio. You are responsible for the performance of all contractors, subcontractors and architects you hire to develop the Studio and for ensuring that sufficient insurance coverage is in place during the construction process. We may obtain and examine all records of any supplier relating to your purchases from that supplier. We may require that your suppliers sign a Confidentiality Agreement, the current form of which is attached as Exhibit 6 to the Franchise Agreement.

You must obtain certain items of machinery and equipment from sources we approve. Our approval of your equipment source will not in any way be our endorsement of your equipment source or render us liable for your equipment source's performance. You must obtain certain equipment for the opening of ~~your~~the Studio through vendors that we have approved. You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

In certain cases, we may provide a franchisee with written approval to use a professional outside of our network of approved professionals, including but not limited to real estate brokers, architects, general contractors. If approved, we may require you to hire a designated approved professional as a consultant to ensure brand standards and specifications are met, as well as appropriate reporting and documentation structures are followed.

Computer Purchase

You must use the computer software and hardware components and accessories ("Computer System") that we require. We have the right to designate a single supplier for the Computer System, including ourselves or our affiliates. We have the right to appoint additional suppliers or different suppliers of the Computer System. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the computer hardware and software, and payment systems. We may designate the vendor for these support service contracts and maintenance service contracts.

Advertising

All advertising and promotion by you in any medium must be conducted in a dignified manner and must conform to our specifications and standards as described in the Confidential Operations Manual and otherwise. You must obtain our written approval of all advertising and promotional plans and materials before their use. All unapproved plans must be submitted to us for review. If you do not receive a written approval within 30 days of our receipt of such materials, we will have deemed to have disapproved the materials. You will not use any materials that have not been developed or approved and will promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon written notice from us.

We ~~reserve the right to~~may designate the vendor for all advertising mediums, which may include us or our affiliates.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance we require in the Confidential Operations Manual or otherwise. Our current minimum insurance requirements are as follows:

Commercial General Liability
Per Occurrence - $1,000,000
Aggregate Limit - $3,000,000
Tenants Legal Liability - $100,000

Umbrella Liability (optional)
Per Occurrence - $3,000,000
Aggregate Limit - $3,000,000

Professional Liability Insurance Errors & Omissions
Per Occurrence - $1,000,000
Aggregate Limit - $3,000,000

Employment Practices Liability

Per Occurrence - $1,000,000
Aggregate Limit - $3,000,000

Worker’s Compensation – per state requirements

Defense costs cannot erode policy limits. If the lease for the Studio premises requires you to purchase insurance with higher limits than those we require, the lease insurance requirements will take precedence. All insurance policies must contain a separate endorsement naming us and our affiliates as additional insureds using ISO form CG2029 or an equivalent endorsement (no blanket additional insured language is acceptable) and must be written by an insurance carrier accepted by us in writing with an A. M. Best and Standard and Poor’s rating of at least “A-~~“~~” or better. You must provide us with all information requested by us to assist us in determining whether a carrier is acceptable. We may require that you obtain insurance from a carrier we designate. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days’ prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements upon 30 days’ prior written notice to you, and you must comply with any modification. We may obtain insurance coverage for your business if you fail to do so, at your cost.

If you will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either you or your third -party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker’s Compensation and Employer’s Liability insurance in the amounts listed above as well as Builder’s Risk insurance in an amount approved by us.

Purchasing or Distribution Cooperatives

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. There are currently no purchasing or distribution cooperatives related to the TruFusion System.

Material Benefits

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

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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 in Franchise Agreement; Section in ~~Multi-Unit Area~~ Development ~~Agreement~~Rider	Item in Disclosure Document
a.	Site selection and acquisition/lease	~~3~~Section 3 in Franchise Agreement; ~~5.1~~Section 6 in Development Rider	Items 6 and 11
b.	Pre-opening purchases/leases	Sections 3.3~~;~~ and 5.4 in Franchise Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	~~5.1; 5.2;~~Sections 5.1, 5.2, 5.4~~;~~ and 6.1 in Franchise Agreement	Items 6, 7 and 11
d.	Initial and ongoing training	Section 5.3 in Franchise Agreement	Items 6, 7 and 11
Obligation		**Section in Franchise Agreement; Section in Development Rider**	**Item in Disclosure Document**
e.	Opening	Section 6.1 in Franchise Agreement; Section 3 in Development Rider	Item 11
f.	Fees	~~2.2.9~~Sections 2.2.8, 4, 5.3, 6, 8.3, and 10 in Franchise Agreement; ~~4; 5.3; 6; 8.2; 8.3.1.7; 10.1.2~~Section 5 in Development Rider	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	~~5.6; 6.2;~~Sections 5.6, 6.2, 6.3, 6.8 and 6.9 in Franchise Agreement	Items 8 and 11
h.	Trademarks and proprietary information	Background Section B and Sections 6.5 and 6.6 in Franchise Agreement; ~~6.7~~Section 4 of Development Rider	Items 13 and 14
i.	Restrictions on products/services offered	~~6.10~~Section 6.9 of Franchise Agreement and Section 4 of Development Rider	Items 8 and 16
j.	Warranty and customer service requirements	Sections 6.2~~;~~ and 6.4 of Franchise Agreement	Item 11

k.	Territorial development and sales quotas	~~Not Applicable~~Sections 2, 3 and 6 in Development Rider	Item 12
l.	Ongoing product/service purchases	~~6.2; 6.11~~Sections 6.2, 6.3 and 6.9 of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	~~2.2.3; 3.2; 5.2; 6.4; 6.10.4~~Sections 2.2.3, 3.2, 5.5, 6.4, and 6.9 of Franchise Agreement	Items 6 and 11
n.	Insurance	~~7.6~~Section 7.7 of Franchise Agreement	Items 6, 7 and 8
o.	Advertising	Sections 4.3~~; 6.7.3~~ and 6.6.3 of Franchise Agreement	Items 6, 7 and 11
p.	Indemnification	Section 7.2 of Franchise Agreement and Section 10 of Development Rider	Item 6
q.	Owner's participation/management/staffing	~~6.3.1; 6.4.5;~~Sections 6.3.1, 6.4.5, 6.4.6 of Franchise Agreement	Items 11 and 15
	Obligation	**Section in Franchise Agreement; Section in ~~Multi-Unit Area~~ Development ~~Agreement~~Rider**	**Item in Disclosure Document**
r.	Records and reports	~~4.5; 4.6; 6.8~~Sections 4.14, 4.6, and 6.7 of Franchise Agreement	Item 6
s.	Inspections/audits	~~4.5; 6.8~~Sections 4.13 and 6.7 of Franchise Agreement	Items 6 and 11
t.	Transfer	Section 8 of Franchise Agreement and Section 9 of Development Rider	Item 17
u.	Renewal	Section 2.2 of Franchise Agreement	Item 17
v.	Post-termination obligations	Sections 7.4~~;~~ and 10 of Franchise Agreement	Item 17

w.	Non-competition covenants	Sections 7.4~~;~~ and 10.1.11 of Franchise Agreement	Item 17
x.	Dispute resolution	~~12.2; 12.3; 12.7;~~Sections 12.2 - 12.3, 12.7, and 12.12~~;~~ ~~12.13; 12.14; 12.15;~~ – 12.16 of Franchise Agreement; Section 10 of Development Rider	Item 17
y.	Other: Guarantee of franchisee obligations	Section 14 of Franchise Agreement	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligations.

~~Remainder of Page Intentionally Left Blank~~ ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, ~~TruFusion Franchising, LLC is~~we are not required

to provide you with any assistance. Pre-Opening Obligations

Before you open your Franchised Business, we are obligated under the Franchise Agreement to:

1. Review and approve or disapprove proposed sites for the location of ~~your~~the Studio and review and approve or disapprove the proposed lease or purchase agreement for the premises. (Sections 3.1 and 3.2 of the Franchise Agreement). We will supply general site selection criteria, as well as refer you to our approved ~~National Real Estate Broker~~national real estate broker. When evaluating a potential site, we will consider factors such as general location and neighborhood, distance from neighboring group fitness studios (including other TruFusion ~~studios~~Studios), proximity to major roads, residential areas and commercial businesses, traffic patterns, lease terms, and demographic characteristics of the area. It is your responsibility to locate a site that satisfies our site selection criteria. Site selection assistance provided by us does not relieve you of primary responsibility to locate an acceptable site in the required timeframe.

2. Provide you a copy of a floor plan design for a prototypical TruFusion ~~group fitness studio~~Studio. (Section 5.2 of the Franchise Agreement). We do not guarantee that the recommended design conforms to applicable laws and regulations. You must hire an architect and related consultants from our network of approved licensed professionals to prepare your plans and make any necessary changes to our standard floor plan design. We will not be liable for the architect's or consultant's performance or the architect's compliance with professional design standards or adherence to local codes.

3. Provide new franchisee onboarding for up to 3 persons, including you or your Operating Principal (if you are an entity).

4. Provide initial tuition-free business training for up to 2 persons (including you or your Operating Principal (if you are an entity), and your General Manager) (Section~~5.3.1~~ 5.3.1 of the Franchise Agreement). We will also provide you continuing consultation and advice as we deem advisable before your Franchised Business opens for business. (Section ~~5.5~~5.4 of the Franchise Agreement).

5. Provide tuition-free instructor training for 3 instructors.

6. Provide you with information regarding the selection of suppliers of products, initial inventory, uniforms, equipment, fixtures, signage, computer hardware and software and other merchandising needs of your Franchised Business (Section 5.4 of the Franchise Agreement). We will make available to you, a list of required, approved and recommended suppliers for these items.

7. Loan you or otherwise provide you with access to a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, referred to collectively as the "Confidential Operations Manual," containing mandatory and suggested standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. The Confidential Operations Manual, is accessible through our online Franchise Management System. We have the right to add to and otherwise modify the Confidential Operations Manual as we deem necessary and reasonable; however, no change to the Confidential Operations Manual will materially alter your fundamental rights under the Franchise Agreement. We may provide the Confidential Operations Manual solely through our website(s), and/or intranets, or other electronic means without any need to provide you with a paper copy or other physical format (Section ~~5.6~~5.5 of the Franchise Agreement). Attached, as Exhibit F, is a copy of the table of contents of our Confidential Operations Manual as of the issuance date of this Disclosure Document. There are 137 pages in our Confidential Operations Manual.

8. ~~7.~~If you are a ~~Multi-Unit Developer~~multi-unit developer, our only obligation is to assign you a Development Area.

9. ~~8.~~We ~~reserve the right to~~may delegate some of the responsibilities outlined herein to our Area Representatives.

Site Selection and Opening

We anticipate that Franchisees will typically open their TruFusion ~~group fitness studios~~Studios for business within 12 months after they sign the Franchise Agreement or pay any consideration for the franchise. The actual length of time it will take you to open ~~your~~the Studio will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing;~~(iii)~~ (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling and successful completion of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies.

Prior to opening ~~your~~the Studio, you must obtain our prior written approval for the Approved Location and our prior written approval for a lease (which complies with our lease requirements in the Franchise Agreement). There is no contractual limit exists on the time it takes us to accept or reject your proposed location. Generally, we do not take more than 30 days from the time we receive the information requested by us, to accept or reject your proposed location.

You may not open the Studio for business until: (i) you pay the initial franchise fee and other amounts due to us; (ii) we notify you in writing that the Studio meets our standards and specifications; (iii) you have successfully completed initial training to our satisfaction; and (iv) you have provided us with certificates of insurance for all required insurance policies. If the Studio is not opened for business within the applicable time period, we have the right to terminate the Franchise Agreement.

If you are a ~~Multi-Unit Developer~~multi-unit developer, you must open each Franchised Business in accordance with the Development Schedule attached to the ~~Multi-Unit~~ Development ~~Agreement~~Rider as Exhibit ~~"3"~~C.

Continuing Obligations

During the operation of your Franchised Business, we are obligated under the Franchise Agreement to:

1. Provide periodic assistance we deem appropriate and advisable. Subject to availability of personnel and at your request, we will make personnel available to provide additional on-site assistance at your location, at our then current fee. (Section ~~5.3.2~~5.3.3 of the Franchise Agreement).

2. Provide, continuing consultation, advice and support in addition to the assistance rendered to you prior to opening and in connection with your opening as we deem advisable regarding merchandising, inventory, sales techniques, and other business, operational and advertising matters that directly relate to the Franchised Business (which will not include guidance or recommendations regarding employment matters). This assistance may be provided by telephone, email, postings to our intranet, periodically through on-site assistance by appropriate personnel, and/or other methods. (Section ~~5.5~~5.4 of the Franchise Agreement).

3. Approve the type of products and services offered in your Franchised Business, as we may periodically modify. (Section ~~6.10~~6.9 of the Franchise Agreement).

4. Permit you to use our confidential information. (Section 5.5 of the Franchise Agreement).

5. Permit you to use our Proprietary Marks. (Section 6.6 of the Franchise Agreement).

6. Administer, after we establish a brand development fund, the contributions to the fund. (Section ~~5.3.3~~4.3 of the Franchise Agreement).

7. We ~~reserve the right to~~may delegate some of the responsibilities outlined herein to our Area Representatives.

Advertising Programs

We have the right to establish a brand development fund to be administered for the common benefit of System franchisees (the "Fund"). Under the Franchise Agreement, we have the right to require you to contribute up to 2% of your weekly Gross Revenues to the Fund. (Section 4.3.4 of the Franchise Agreement). We currently require you to contribute 1% of your weekly Gross Revenues to the Fund. (Section 4.3.4.1 of the Franchise Agreement).

Neither we, nor our affiliate-owned TruFusion ~~group fitness studios~~Studios are contractually required to contribute to the Fund. Any area representative owned TruFusion ~~group fitness studios~~Studios are contractually required to contribute to the Fund. We have the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Fund contributions in your territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.4.3 of the Franchise Agreement). Fund contributions may be used at our discretion for the following: the development, production and distribution of national, regional and/or local advertising; the creation of advertising materials and public relations which, in our sole judgment, promote the products and services offered by ~~System studios~~TruFusion Studios, including conducting social media, digital marketing, radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media social sites, such as Instagram, Facebook, Twitter, LinkedIn, and on- line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; quality control (including mystery shopper programs that may include call recording); market research; talent fees; and for administrative, travel, debt service and operating costs and overhead. Our decisions in all aspects related to the Fund will be final and binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.3.4.2 of the Franchise Agreement).

We do not anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we ~~reserve the right to~~may include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.4.2 of the Franchise Agreement). We may also ~~reserve the right to~~ require you to place a "franchises available" sign (which signage will be provided by us) at a location we designate at your Franchised Business.

We may also establish special promotional programs. You are required to participate in special promotional programs and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs. (Section 4.3.4 of the Franchise Agreement).

Advertising to be used by the Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.4.2 of the Franchise Agreement).

Although we anticipate that all Fund contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Fund. The Fund may spend more or less than the total Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Fund expenditures. (Section 4.3.4.2 of the Franchise Agreement). We may incorporate the Fund or operate it through a separate entity if we deem appropriate.

We spent the Fund contributions we received during our ~~2018~~2019 fiscal year as follows:

Sponsorships	~~21~~10%
Public Relations	~~29~~10%
Media Buys	~~12~~5%
Content Development	~~34~~10%
~~Other~~Creative Design & Development	~~4~~10%
Administrative	55%
TOTAL	**100%**

There is currently no advertising council in place for the System.

Local Advertising

In addition to your required Fund Contributions, you are required to spend 1% of your weekly Gross Revenues on local advertising, but not less than $1,000 per month. You may use your own advertising material with prior written permission from us. (Section 4.3.3 of the Franchise Agreement). If you propose to use any advertising which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose TruFusion ~~group fitness studios~~Studios are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to us at least 30 days before you propose to use it. We are not contractually obligated to approve or reject any advertising submitted to us within the 30 days, but we will attempt to do so. You may not use the advertising unless we give you approval in writing. (Section 4.3.1 of the Franchise Agreement). You may not establish a website using or displaying any of the Proprietary Marks, and you may not advertise ~~your~~the

Studio or the sale of products or services offered by the ~~TruFusion group fitness studio~~Studio on the Internet or through social media, except as we permit. We may host and give you access to a separate web page for ~~your TruFusion~~the Studio on our website(s). Any website, social media platform or electronic materials you propose to use must be approved in advance by us before publication to the site. (Section 4.3.7 of the Franchise Agreement).

Grand Opening Advertising

You must spend at least $10,000 in advertising and promotions during the period of approximately 90 days before and $5,000 approximately 90 days after ~~your~~the Studio opens. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. (Section 4.3.2 of the Franchise Agreement).

Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Franchised Business is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. If any area representative operates a TruFusion ~~group fitness studio~~Studio, such ~~studio~~TruFusion Studio will be required to participate in any advertising cooperative established in its local or regional marketing area. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 2% of your weekly Gross Revenues. Amounts contributed to a cooperative will not be credited against monies you are otherwise required to spend on local advertising or required to contribute to the Fund. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned TruFusion ~~group fitness studios~~Studios will have no obligation to participate in any such advertising cooperatives. (Section 4.3.6 of the Franchise Agreement).

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Your Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative

We ~~reserve the right to~~may approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative.

Computers and Point of Sale Registers

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to support our then-current information technology system. (Section 6.10.5 of the Franchise Agreement). We may provide you with a TruFusion e-mail address. We own all TruFusion e-mail addresses and have full access to all communications exchanged using those addresses. When conducting business with clients, vendors or suppliers of your Franchised Business via e-mail, you must use any TruFusion e-mail address provided by us.

We will have the right to access information and data collected by the POS system or otherwise related to the operation of your Franchised Business. You must allow us to access the information remotely. There is no contractual limitation on our right to access this information and data and it may be shared with third parties or the System. (Sections 4.6 and 6.10.5 of the Franchise Agreement).

Currently, we are requiring you to purchase three (3) general use computers and five (5) tablets that meet our specifications. The size of ~~your~~the Studio, or other factors including Studio layout may require adjustments to the number of computers or tablets needed to operate ~~your~~the Studio to our specifications. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. We also require you to have a printer, scanner, and copier.

We estimate that your cost to purchase a designated computer system will range from $~~4,500~~12,500 to $~~6,000.~~15,000. We also estimate that you will be required to pay $1,500 per month for ongoing software and maintenance fees.

You must upgrade or update your computer equipment and software. There is no contractual limitation on the frequency or cost of required updates or upgrades. In addition to any charges imposed by computer hardware and software vendors, we may charge you a reasonable systems fee for modifications and enhancements we or our vendors or representatives make to proprietary software and for other maintenance and support services that we may furnish to you. We ~~reserve the right to~~may adopt new technology at any time, which may result in additional fees to you that are not currently known.

Additional Investment

We ~~reserve the right to~~may periodically make changes to the System, including the curriculum, classes, standards, facility location requirements, signage, equipment, and fixtures requirements. In the event we make any of these types of changes, or your equipment or facilities wear out or become obsolete (including no longer complying with System standards or requirements), you may have to make, on an as-needed basis, additional investments in your Franchised Business.

Once every five years, we may require you to refurbish or remodel ~~your~~the Studio in accordance with our then-current brand image and standards, including those relating to fixtures, furnishings, signs, and equipment. (Section ~~6.4.9~~6.3.14 of the Franchise Agreement).

Training Program Initial

Training Schedule

ONBOARDING TRAINING

Topic	Classroom Hours	On the Job Hours	Location
Welcome, Introduction and Overview - History of TruFusion - Development of the Brand	3.0	0	Las Vegas, NV
Communications	0.5	0	Las Vegas, NV
Roadmaps and Timelines	1.0	0	Las Vegas, NV
Roles and Responsibilities (Area Developers and Franchise Owners)	0.5	0	Las Vegas, NV
Recruitment of Key Personnel (General Managers and Directors)	1.0	0	Las Vegas, NV
Studio Tours	2.0	0	Las Vegas, NV
Site search	2.0	0	Las Vegas, NV
Construction	2.0	0	Las Vegas, NV
Purchasing	1.0	0	Las Vegas, NV
Retail	1.0	0	Las Vegas, NV
Learning & Development	2.0	0	Las Vegas, NV
Marketing	2.0	0	Las Vegas, NV
Pricing	1.0	0	Las Vegas, NV

Pre-Sales	1.0	0	Las Vegas, NV
Events	0.5	0	Las Vegas, NV
Studio Opening, Timeline and Process	1.0	0	Las Vegas, NV
Technology Overview	2.0	0	Las Vegas, NV
Ongoing Assistance	1.0	0	Las Vegas, NV
Accounting & Royalties	2.0	0	Las Vegas, NV

BUSINESS TRAINING

Topic	Classroom Hours	On the Job Hours	Location
Welcome, Introduction and Overview - History of TruFusion - Development of the Brand - Our Culture	- 1.0	0	Las Vegas, NV
Starting the Business - Choosing a Location - Hiring Managers, Staff and Instructors - Building a Studio - Setting up Vendors	- 8.0	0	Las Vegas, NV
Operations and Maintenance - Management Keys - Studio and Property Upkeep - Music and aesthetic Options	5.0	0	Las Vegas, NV
Accounting - Payroll Information - Account Management - Quickbooks - Tax Information	- 2.0	0	Las Vegas, NV
Technology Training - Business Management/ POS System - Franchise Management System - NPM & Digital content - Help-Desk Software - Knowledge Database - TruYou System - Cameras and Monitoring System	22.0	0	Las Vegas, NV
Special Memberships	2.0	0	Las Vegas, NV

Wellness Concierge - Basic Training - Client Intakes and Etiquette - Sales, Referrals and Other Duties - Hiring, Instructor and Disciplinary Policies - Front Desk Performance Test - Retail Store Information	13.0	0	Las Vegas, NV
Safety and Security	2.0	0	Las Vegas, NV
Marketing - Website Management, - Photo and Video Tools - Art and Graphics Tools - Marketing Collateral - Marketing for Trade - The Press Kit - Tru TV	11.0	0	Las Vegas, NV
Retail - Storefront - Business Management/ POS System - Staff and Manager Duties - Ordering, Fulfillment and Inventory	8.0	0	Las Vegas, NV
Health Bar Manual - Introduction - Training/hiring Employees - Operations - Opening/Closing Duties - Social Media	- 6.0	0	Las Vegas, NV

SENIOR TEACHER TRAINING

Topic	Classroom Hours	On the Job Hours	Location
Techniques	40.0	0	Las Vegas, NV
Teaching Methodology	40.0	0	Las Vegas, NV

Onboarding Training will be conducted approximately 60 days after you sign the Franchise Agreement and will last up to 4 days. Certain training may be in a web-based format. Onboarding Training is offered for 2 people, including you or your Operating Principal (if an entity).

Initial business training is offered for 2 people, including you or your Operating Principal (if an entity), and your General Manager. Business training will be conducted approximately 120 days prior to ~~your~~the Studio opening and will last up to one week.

Senior Teacher Training is offered for 3 teachers and will be conducted approximately 45-60 days prior to ~~your~~the Studio opening. Senior Teacher training includes web-based, classroom and corporate training studio practical hours, and will last up to 2 weeks. Beginning six months after ~~your TruFusion~~the Studio opens for business, you must have a minimum of three Senior Teachers on staff, at all times. Each trainee teacher will be required to pass an online test and submit a video prior to attending training. All proposed teachers must be approved by us prior to attending training. The teacher training will last for 2 weeks and all trainee teacher must complete all required hours of instruction to our satisfaction.

The Onboarding Training, Initial Business Training and Senior Teacher Training will be conducted in the greater Las Vegas area under the supervision of our National Fitness and Yoga Directors, Development, Marketing and Operations Departments. Training will be conducted by the following TruFusion corporate employees, who have all been selected based on their experience and expertise in their respective areas, and all have at least 5 years' experience in the subject matter they teach.

Mark Balfe-Taylor has been our National Director of Yoga and Teacher Training since 2015 and has been teaching yoga since 2005. Mark is responsible for our yoga trainings and quality control.

~~Hayley Broder has been our VP of Marketing since October 2018. Hayley has over 6 years of experience in boutique fitness marketing with major national brands.~~

Brittany Davis has been our Director of Real Estate and Site Analytics since April 2019. ~~She joined TruFusion in November of 2017 as our Manager of Real Estate. Prior to joining our team she specialized~~Ms. Davis specializes in commercial leasing and shopping center management and may provide training on these and other operational matters.

~~Lisa Davis is V.P. of Teacher Development. She oversees the development of our Fitness and Yoga department. Lisa began her journey with TruFusion as a yoga teacher in 2015. She continued to elevate in our company as a Yoga Director for both a franchise and corporate run studios. Lisa is Yoga Alliance certified, certified in Pilates through Balanced Body and in certified in all TruFusion modalities.~~

~~Shaun Kreiderman has been our Construction Manager since November 2017. He has worked in this field for 25+ years.~~

~~Carly Murphy joined TruFusion in February of 2019 as the Manager of Retail & Purchasing. She has over 5 years experience working within the fashion and retail industry~~

Sierra Mangus has been the Yoga Director of Corporate Studios in Las Vegas since May 2018 and has been a yoga teacher with TruFusion since 2017. Ms. Mangus oversees the anatomy and physiology courses within teacher trainings. Additionally, Sierra is a part of the travel team during studio openings and development.

~~Michelle Orlando is our Vice President of Operations. She has lead Operations, Training and HR teams for twenty five years in multiple states. Michelle will support all aspects within the Franchise Operations process from inception to ongoing support.~~

Dave Mazany is the Fitness Travel Team Director and Senior Master Boxing Instructor. Mr. Mazany has been a teacher with TruFusion since 2016 and has played a significant role in the development of the Boxing program. He also provides content and course development within the fitness programs of the teacher education platform.

~~Vanessa Padilla is our National~~Nicole Mynhier has been the Fitness Director of Corporate Studios~~. She has been with TruFusion since 2016. Vanessa oversees the teacher and studio managers for our corporate studio operations and will assist in studio manager training for franchisees. Vanessa has over 10 year of management experience~~ in Las Vegas since May 2019 and has been a trainer for TruFusion since 2016. Ms. Mynhier may assist during any of your training courses.

Liz Steers has been our National Fitness Director since 2013. ~~She has played a key role in developing signature TruFusion fitness classes.~~ She is responsible for all fitness training and overseeing quality control. ~~Liz has 25 years in dance and fitness.~~

You or your Operating Principal (if you are an entity) and General Manager must attend, and complete the initial training program to our satisfaction before opening ~~your~~the Studio or assuming management responsibility. You and your General Manager are not required to participate in the Instructor Training.

If initial training is otherwise required for you or any General Manager, you must pay us our then-current tuition for each person to attend the additional initial training program beyond the tuition free allowances. The current tuition for attending our additional initial training for these persons is $1,000 per person per day. See Items 6 and 7.

You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your General Manager or Senior Teachers will receive a salary during training, you are solely responsible for paying their salary.

We have the right to offer refresher courses from time to time to you, your General Manager, your instructors and/or your employees. You or your Operating Principal (if you are an entity) your General Manager and other employees are required to attend the additional training at your cost and at our then-current tuition if we, in our sole discretion, consider the training necessary. Our current tuition for refresher courses is $1,000 per person per day. You are solely responsible for your expenses and your employees' expenses that are incurred during training.

ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate one TruFusion within the territory identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us (the "Territory").

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Studio, you must relocate ~~your~~the Studio to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must procure a site acceptable to us within 60 days after closing the prior location, pay the relocation fee and must open the new Studio for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other TruFusion ~~group fitness studios~~Studios. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

~~We will provide you with a protected territory subject to the following terms, conditions and limitations set forth in this Item: if~~You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. So long as you are in compliance with the Franchise Agreement, we will not own, operate, franchise or license any other TruFusion ~~group fitness studio~~Studio within the Territory during the Term of the Franchise Agreement. The continuation of your right to operate ~~your~~the Studio in the Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency.

~~You have no right to distribute any services or products offered in the Franchised Business through any alternate channels of distribution.~~

Although you will receive a protected territory, you will not receive an exclusive territory. We and/or our affiliates reserve all other rights with respect to your Territory, which include but are not limited to:

(1) ~~(i)The~~the right to ~~own,~~ operate,~~ purchase or merge with, franchise or license, both within~~ and to grant others the right to operate TruFusion Studios located anywhere outside the Territory~~, group fitness studios and similar businesses operating under names~~ under any terms and conditions we deem appropriate and regardless of proximity to the Studio;

(2) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at locations inside or outside the Territory under trademarks or service marks other than the Proprietary Marks and on any terms and conditions we deem appropriate;

(3) the right to provide,~~ regardless of whether or not these other concepts offer products~~ offer and sell and to grant others the right to provide, offer and sell goods and services ~~which~~that are identical or similar to and/or competitive with those ~~offered by your Franchised Business; and(ii)The right to distribute~~ products and services ~~(which may include, but are not limited to, software, clothing, books, food, nutritional products, videos, and music), in alternative channels of distribution whether now existing or developed in the future,~~provided at TruFusion Studios, whether identified by the Proprietary Marks or other trademarks or service marks~~ we and/or our affiliates own or license, through any distribution method we or our affiliates may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of~~

~~distribution compete with the Studio (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, telemarketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods)~~, through alternative distribution channels (including, without limitation, the Internet or similar electronic media, any other form of electronic commerce and department stores) both inside and outside the Territory and on any terms and conditions we deem appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Proprietary Marks and on any terms and conditions we deem appropriate;

(5) the right to market and sell products and services to national, regional and institutional accounts, whether located inside or outside the Territory. "National, regional and institutional accounts" are organizational or institutional customers whose presence is not confined to your Territory, including (by way of example only) business entities with offices or branches situated both inside and outside of your Territory;

~~(iii)The~~

(6) the right to ~~establish and~~ operate~~,~~ and ~~license other parties to establish and operate TruFusion group fitness studios in fitness centers, health clubs, colleges, universities, hotels, casinos, business complexes, regional malls, airports, military bases and other similar outlets (the "Special Venue Locations") in your Territory; and~~grant others the right to operate TruFusion at "Non- Traditional Sites" within and outside the Territory on any terms and conditions we deem appropriate. "Non-Traditional Sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including shopping malls, stadiums, arenas, major industrial or office complexes, hotels, school campuses, casinos, educational facilities, amusement parks and sports or entertainment venues;

~~(iv)The right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of franchised businesses.~~

(7) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at TruFusion Studios, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Territory); and

(8) ~~(v)in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are~~the right to be acquired (whether through acquisition of assets, ownership interests or

otherwise, regardless of the form of transaction), by a business providing products and services similar to ~~or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations to TruFusion businesses.~~

~~You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.We and our affiliates are under no obligation to pay you any compensation for selling similar products or services through the establishment of Special Venue Locations or through other channels of distribution under the same and/or different proprietary marks within~~those provided at TruFusion Studios, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Territory.

We and/or our affiliates retain the right to use and to license others to use the System for the operation and licensing of other TruFusion ~~group fitness studios~~Studios at any locations outside of the Territory.

Your Territory will ~~consist of~~be identified by an approximate geographic area with a minimum radius, which is meant to cover a population of approximately 250,000 based on the most recent published data by the United States Census Bureau (other than in highly dense urban areas, where your Territory ~~will~~may be smaller). The radius of the Territory can be impacted by geographic and/or man-made conditions such as bodies of water, mountains, driving conditions and other factors which may necessitate the Territory being greater than or less than the radii mentioned above. ~~The Territory will be identified by zip codes. Some Territories may be defined by geographic boundaries, streets, or other criteria as we deem appropriate.~~

You ~~are unrestricted as to the geographic area from which you may obtain business as a System franchisee. Except as we otherwise approve, in writing, you may not take part in any sales from a location other than the premises of the Studio. We~~may not use other channels of distribution to make sales at the Studio, such as the Internet or any other form of electronic commerce, catalog sales, telemarketing, or other direct marketing to make sales inside or outside the Territory, without our prior written permission. You must advertise and solicit to members or prospective members of the Studio only within the Territory. You may not operate the Studio away from the Approved Location, but we may, in certain instances, permit you to offer off-site retreats.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories. Continuation of your franchise and your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency.

~~**Multi-Unit Development Agreement**~~

~~If you enter into a Multi-Unit Development Agreement, you will receive a Development Area within which you will have certain rights to develop multiple TruFusion group fitness studios. The size of the Development Area will depend on the number of TruFusion group fitness studios you commit to develop and may be~~

~~described in terms of contiguous zip codes, street or county boundaries, or other similar methods, and may be depicted on a map. If you meet the minimum Development Schedule, comply with all other provisions described in the Multi-Unit Development Agreement and otherwise comply with the provisions of each related Franchise Agreement, we will not establish or license others to establish a TruFusion group fitness studio within the Development Area assigned to you. You maintain your rights to your Development Area even if the population increases.~~

~~Upon completion of your Development Area in the Multi-Unit Development Agreement, your rights to develop TruFusion group fitness studios within the Development Area will end and you will have no further rights in the Development Area, except for the individual Territories granted under the Franchise Agreements you have signed with us.~~

Development Rider

You ~~will not receive an exclusive territory. We and/or our affiliates reserve all other rights with respect to your Development Area, which include but are not limited to: (i) the right to own, operate, franchise or license, both within and outside the Development Area, group fitness studios and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Franchised Businesses and the right to convert those businesses to TruFusion Businesses; (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of franchised businesses; (iii) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Development Area, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations.and (iv) the right to distribute products and services in alternative channels of distribution both within and outside the Development Area, (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, telemarketing, direct mail marketing or via the internet, and any similar outlets or distribution methods). Because we reserve these rights, we are required, under federal law, to advise that you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~may (if you qualify) develop and operate a number of TruFusion Studios within the Development Area. We and you will identify the Development Area in the Development Rider before signing it. The Development Area typically is a city, cities, or counties. We base the Development Area's size primarily on the number of TruFusion Studios you agree to develop, demographics, and site availability. We and you will negotiate the number of TruFusion Studios you must develop (typically in multiples of 3) to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Development Rider before signing it. While the Development Rider is in effect, we (and our affiliates) will not establish or operate, or grant to others the right to establish or operate, other TruFusion Studios the physical premises of which are located within the Development Area, except that we may establish and operate ourselves, or grant others the right to establish and operate, TruFusion Studios at non- traditional sites in the Development Area. There are no other restrictions on us (or our affiliates). You must not develop or operate TruFusion Studios outside the Development Area. We may terminate the Development Rider if you do not satisfy your development obligations when required. In addition, if you fail to comply with the terms of the Development Rider during its term, we may, at our option, elect to establish and operate TruFusion Studios in the Development Area instead of terminating the Development Rider entirely. This means that during the remainder of the term of the Development Rider, we and our affiliates will have the right to establish and operate, and grant to others the right to establish and operate, TruFusion Studios, the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions. However, our taking of such actions will be without prejudice to our right to later terminate the Development Rider for the same default or any other defaults under the Development Rider.

Despite the development schedule under the Development Rider, we may delay your development of additional TruFusion Studios within the Development Area for the time period we deem best if we believe, when you apply for the next TruFusion Studio, that you are not yet operationally, managerially, or otherwise prepared (due to the particular amount of time that has elapsed since you developed and opened your most recent TruFusion Studio) to develop, open and/or operate the additional TruFusion Studio according to our standards and specifications. We may delay additional development as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, we may not alter your Development Area during the Development Rider's term.

ITEM 13
TRADEMARKS

The ~~**following is the principal trademarks**~~table below consists of the Proprietary Marks that we ~~**will currently**~~ license to you ~~**(the "Proprietary Marks")**~~as part of the franchise. You may not sublicense the Proprietary Marks without our permission. This below list may not be an exhaustive list of all the Proprietary Marks owned by us, our parent or our affiliates.

Mark	**Registration Number**~~/ Serial Number~~	**Registration Date**	~~Classes~~
FIND YOUR EDGE TRUFUSION BARRE • CYCLE • PILATES • YOGA • KETTLEBELL • AERIAL • BOOTCAMP	4988040	June 28, 2016	~~IC 041. US 100 101 107~~

Design Plus Words			
	4932037	April 5, 2016	
	5458380	May 1, 2018	
TruFusion	4890634	January 19, 2016	~~IC 025. US 022 039.~~
TruFusion	~~4932037~~4837322	~~January 19, 2016~~October 20, 2015	~~IC 028. US 022 023 038 050~~
TruFusion	~~86977883~~4890630	January 19, 2016	~~IC 016. US 002 005 022 023 029 037 038 050~~
TruFusion	4773532	July 14, 2015	~~IC 041. US 100 101 107~~
TruFusion	4773531	July 14, 2015	~~IC 028. US 022 023 038 050~~
TruFusion	4773530	July 14, 2015	~~IC 018. US 001 002 003 022 041~~
TruFusion	5110125	December 27, 2016	
TruFusion	5246631	July 18, 2017	
Edge By TruFusion	5325171	October 31, 2017	

We also own and claim common law trademark rights in the trade dress used in the Franchised Business. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

Under a license agreement with our affiliate, TruFusion Yoga, LLC, dated April 30, 2015 (the “License Agreement”), TruFusion Yoga has licensed us to use the Proprietary Marks and to sublicense them to our franchisees in operating the TruFusion ~~group fitness studios~~Studios. TruFusion Yoga may terminate the License Agreement (which runs for 20 years and is renewable for an additional term of 20 years) if we fail to correct any of the following within 30 days after written notice: (1) any default under the License Agreement; (2) improper use of the Proprietary Marks that could adversely affect their validity or protectability; or (3) our bankruptcy, insolvency, or appointment of a receiver. No other agreement limits our right to use or license the Proprietary Marks. If the License Agreement is terminated or modified, you may have to change to an alternative trademark, which may increase your expenses.

Our affiliate intends to file an affidavit of use, an affidavit of incontestability and any and all renewals when due for the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. Other than the rights of our affiliate, described above, we are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks ~~shall~~will cease and you ~~shall~~will not maintain any rights to use any Proprietary Mark.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols, unless authorized by us. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys~~'~~’ fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We ~~reserve the right~~may, under the Franchise Agreement, to substitute, add or change the Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution, addition or change of the Proprietary Marks will be beneficial to the System. If we substitute, add or change any of the Proprietary Marks, you must bear the cost and expense at your business (for example, changing signage, business cards, etc.).

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the Confidential

Operations Manual and other manuals, advertising and promotional materials, training materials and programs, videos, proprietary computer software and applications, architectural plans and designs, web sites and web pages, and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

Confidential Operations Manual

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Confidential Operations Manual. We may revise the contents of the Confidential Operations Manual and you must comply with each new or changed standard, at your own expense. It is your responsibility to stay up-to-date with the Confidential Operations Manual. If there is any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

The Confidential Operations Manual will remain our sole property and all user access information must be kept in a secure place and maintained by you.

Confidential Information

You must treat the confidential information as confidential and use all reasonable efforts to maintain this information as secret and confidential.

You may never during the term, including any renewal, of the Franchise Agreement, or after the Franchise Agreement expires or terminates, reveal any of our confidential information to another person or entity, or use our confidential information for the benefit of any other person or entity. You may not copy any of our confidential information except as we may authorize. You may only use the Confidential Operations Manual and our confidential information as described in the Franchise Agreement. You may only divulge confidential information to those of your staff and personnel who must have access to it to operate the Franchised Business.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other TruFusion ~~System group fitness studios~~Studios; (5) the Confidential Operations Manual; (6) training materials and programs; (7) membership information and customer data; (8) specifics regarding any computer software, applications and similar technology that is proprietary to us or the System; and (9) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees).

All data that you collect from members of the Franchised Business or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect the membership data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any members. You have the right to use the membership data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with us, you may transfer the membership data to the new owner as part of the going concern value of the business.

You must require any personnel having access to any of our confidential information to sign a confidentiality agreement in which these individuals agree to maintain the confidentiality of information regarding the System that they receive in the course of their employment or affiliation with your Franchised Business. The agreement must be in a form satisfactory to us, including specific identification of us as a third -party beneficiary of the non-disclosure covenants, with the independent right to enforce them.

Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Guaranty which will bind them to all covenants and restrictions in this Agreement, including covenants relating to Confidentiality and Non-Competition.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

We strongly recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Franchised Business. The Operating Principal must be an equity owner in the Franchised Business, with a minimum of 5% of your ownership interest and have the authority to bind you in all operational decisions regarding the Franchised Business. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single purpose entity and you cannot operate any other business using your entity name.

If you or your Operating Principal does not participate in the day-to-day operation of the Studio, you will need a General Manager to be responsible for the direct on-premises supervision of the

Franchised Business at all times during the hours of operation. However, you are still responsible for the operations of the Franchised Business.

Beginning six months after the Studio is open for business, you must have a minimum of two Senior Teachers on your staff at all times.

Both the franchisee (in the case of an individual), your Operating Principal (in the case of an entity) and the General Manager must satisfactorily attend and complete our Initial Business Training program. At least two of your teachers must satisfactorily attend and complete our Senior Teacher training program. You are responsible to ensure that all times you have at least 2 teachers who have satisfactorily completed our Senior Teacher Training program.

At all times, you will keep us advised of the identity of your General Manager. Your General Manager need not have any equity interest in the franchise. You will disclose to your General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is our trade secret.

In addition, your General Manager and all employees are required to execute a Confidentiality Agreement in the form attached as Exhibit ~~4~~5 to the Franchise Agreement and must forward a copy to us to ensure compliance. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Guaranty which will bind them to all covenants and restrictions in this Agreement, including covenants relating to Confidentiality and Non-Competition.

You must hire all employees of the Franchised Business and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. Your employees are under your day-to-day control at the Franchised Business. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and we, as the franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Franchised Business, we may operate your business for as long as we deem necessary and practical. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern. We ~~shall~~will keep in a separate account all monies generated by the operation of your Franchised Business, less our management fee, and our operating expenses, including reasonable compensation and expenses for our representatives. Your Franchised Business will still have to pay all costs under the Franchise Agreement, including royalties and Brand Fund payments. You must hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to limit your business to the operation of the Studio. You may not conduct any other business or activity at the Studio without our written permission. You may only sell products at retail and may not engage in the wholesale or distribution of any product.

Your franchise is limited to one location and all sales must be from that one location. However, in certain instances, we may permit you to conduct off-site retreats, subject to our prior written approval.

We do not generally limit the persons to whom you may sell memberships. However, we do have the right to impose minimum age restrictions and other requirements we deem appropriate, either for safety reasons, or to preserve the goodwill of our Proprietary Marks for the benefit of all franchisees.

You are not permitted to sell or distribute any products through the use of catalogs, mail order, the internet or other electronic means of communication without our prior written approval.

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our reasonable discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time.

On a case-by-case basis, we may allow you or other TruFusion ~~group fitness studios~~Studios to offer additional services, products or programs that are not otherwise part of the System. We will decide which franchisee can offer additional services and products based on test marketing, the franchisee's qualifications and operational history, differences in regional or local markets, and other factors.

In offering products and services for sale, you may only use products, supplies, uniforms, fixtures, furnishings, signs and equipment approved by us. You may not deviate from our standards or specifications without our prior written consent.

Subject to our prior written approval, we may permit you to offer additional ancillary services, including, but not limited to, child care, nutritional counseling and tanning at the Studio.

We may also permit you to outsource the operation of the health -conscious quick service café to a third party company that we approve. From time to time, we may, in our sole discretion, designate certain third -party vendors to provide certain ancillary services (e.g., massage services, blow out bar, etc.) within ~~your~~the Studio. In such cases, you will typically enter into a revenue sharing agreement with the vendor in which you will receive a mutually agreed upon amount of their revenues. All services will be booked and billed through your front desk staff and POS system.

You must participate in and comply with all advertising and promotional campaigns and activities that we conduct. If we require that you conduct any promotional activities, you will bear your own costs of conducting these activities. You cannot create unapproved rewards or loyalty programs.

We have the right to set restrictions on the pricing of all products and services that are sold or distributed, including the ability to determine the pricing.

All members of the Studio must execute a membership agreement. The form of membership agreement cannot extend for a term that is longer than the term of the Franchise Agreement. All forms of membership agreements must be approved by us, and cannot be modified without our prior written consent. You may only sell memberships in strict compliance with System standards and the terms of the Franchise Agreement.

All membership agreements will be subject to our current reciprocity program. We require you to offer regional memberships (that allow members access to any ~~System group fitness studio~~TruFusion Studio within a designated region) and national memberships (that allow members access to any ~~System group fitness studio~~TruFusion Studio within the United States). We ~~reserve the right to~~may assign memberships to you and you will be required to accept and honor these memberships. We may also ~~reserve the right to~~ assign membership agreements from ~~your~~the Studio to another location if a member attends a certain percentage of their visits to another TruFusion ~~group fitness studio~~Studio. We ~~reserve the right to~~may modify the reciprocity program in our sole discretion.

It is your responsibility to determine that you are complying with all laws and regulations applicable to the Franchised Business or your sale of memberships. If we permit you to make pre-sales of memberships (if permitted by, and subject to applicable law), you must establish any required escrow accounts with escrow agents acceptable to us. Pre-sales cannot occur until you or your Operating Principal (if you are an entity) and your General Manager are trained by us.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to the Disclosure Document.

FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement or Development Rider	Summary
a.	Term of franchise	Section 2.1 of Franchise Agreement	10 years.
		Development Rider	Term of the Development Rider depends on development obligation.

b.	Renewal or extension of the term	Sections 2.2; 2.3; 2.4 of Franchise Agreement	You have the right to renew the franchise for two additional 10-year terms.
	Provision	Section in Franchise Agreement or Development Rider	Summary
		Development Rider	No renewal or extension of Development Rider.
c.	Requirements for you to renew or extend	Section 2.2 of Franchise Agreement	You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 10 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our affiliates and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our affiliates; ~~(vi)~~ (vi) have executed our then-current form of Franchise Agreement; ~~(vii)~~ (vii) have satisfied our then-current training requirements for new franchisees; (viii) have executed a release of any and all claims against us, our affiliates, and our shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement; and (ix) paid the renewal fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights.
		Development Rider	Not applicable.
d.	Termination by you	Section 9.1 of Franchise Agreement	You must give us 90 days written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
		Development Rider	Not applicable

e.	Termination by Franchisor without cause	No provision in either Franchise Agreement or Development Rider	Not applicable.
	Provision	Section in Franchise Agreement or Development Rider	Summary
	~~cause~~		
f.	Termination by Franchisor with cause	Section 9.2 of Franchise Agreement and Section 8 of Development Rider	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See Item 17(g) and (h) for further description.
g.	Cause defined – default which can be cured	Section 9.2.1 of Franchise Agreement	We have the right to terminate the Franchise Agreement: ~~(i)~~ (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks; (ii) after a 7-day cure period or time permitted by an agency citation if shorter, if a threat or danger to the public health or safety exists; except you must correct violation immediately if it is possible to do so; ~~(iii)~~ (iii) after a 15-day cure period upon your failure to pay any sums owed to us or our affiliate; or (iv) after a 30 day cure period upon your failure to pay any sums owed to a third party other than us or our affiliates or upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.

h.	Cause defined – default which cannot be cured	Section 9.2.2 of Franchise Agreement	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business or goodwill of the Proprietary Marks; (ii) you are convicted or plea of guilty or nolo contendre of a felony; (iii) you commit fraud in the operation of the Franchised Business; (iv) you misrepresent yourself in any way (including through omission of information) in connection with your franchise application; (v) you file for bankruptcy or are adjudicated bankrupt; (vi) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (viii) you become insolvent; (ix) you or your principals materially breach any other agreements with us or our affiliates; ~~(x)~~ (x) we send you 2 or more written notices to cure within one 12-month period; (xi) you intentionally underreport or misstate any information required to be reported to us; (xii) you voluntarily or otherwise abandon the Studio; (~~xiv~~xiii) you fail to open the ~~Studio; (xv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement; (xvi) you, or your Operating Principal fail to complete any required training; (xvii) you fail to meet certain System standards, creating a threat or danger to health or safety; (xviii) you fail to comply with any in-term covenants; (xix) you use the Confidential Information in an unauthorized manner; (xx) you fail to maintain insurance; and/or (xxi) you commit an unauthorized transfer.~~
	Provision	Section in Franchise Agreement or Development Rider	Summary
			Studio; (xiv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement; (xv) you, or your personnel fail to complete any required training; (xvi) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvii) you fail to comply with any in-term covenants; (xviii) you use the Confidential Information in an unauthorized manner; (xix) you fail to maintain insurance; (xx) you commit an unauthorized transfer; (xxi) you fail to secure an Approved Location in the required time period; (xxii) you engage in any unethical or dishonest conduct which adversely affects the Studio or Proprietary Marks; (xxiii) you obstruct with our right to inspect the Studio or premises; and (xxiv) you fail to pay taxes when due.

		Section 8 of Development Rider	We may terminate the Development Rider if you do not meet development schedule or other obligations; if the Franchise Agreement or any other franchise agreement between us and you (or your affiliated entity) is terminated by us for cause or by you for any or no reason; or we have delivered formal notice of default to you (or your affiliated entity) under the Franchise Agreement or another franchise agreement (whether or not default is cured).
i.	Your obligations on termination/non-renewal	Section 10.1 of Franchise Agreement	You must cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks, return the Confidential Operations Manual and all other confidential information, transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, signs or fixtures which we elect to purchase, and, at our option, assign to us any interest you have in the lease or sublease for the Studio's premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the premises as may be necessary to distinguish it from a TruFusion ~~group fitness studio~~Studio.
j.	Assignment of contract by Franchisor	Section 8.7 of Franchise Agreement	We have the unrestricted right to sell, transfer, assign and/or encumber all or any part of our interest in the Franchise Agreement or ourselves.
	Provision	Section in Franchise Agreement or Development Rider	Summary
	~~contract by Franchisor~~		~~or any part of our interest in the Franchise Agreement or ourselves.~~
k.	"Transfer" by you – definition	Section 8.1 of Franchise Agreement	A sale, transfer or assignment is deemed to occur if: ~~(i)~~ (i) you are a corporation, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest; or (iii) you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in

			the limited liability company.
l.	Franchisor's approval of transfer by Franchisee	Section 8.3.1 of Franchise Agreement and Section 9 of Development Rider	You may not sell, transfer, assign or encumber your interest in the Franchised Business or your rights under the Franchise Agreement without our prior written consent.
m.	Condition for Franchisor's approval of transfer	Section 8.3.1 of Franchise Agreement	Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers; ~~(ii)~~ (ii) the timely cure of all existing defaults under the Franchise Agreement; (iii) execution of a general release; and (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude to operate the Franchised Business and has adequate financial resources to conduct the business. The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us the transfer fee, and the transferee and its designated manager must have completed our initial training program.
n.	Franchisor's right of first refusal to acquire your business	~~8.3~~Section 8.5 of Franchise Agreement	We can match any offer within 30 days after receipt of the written sales proposal.
o.	Franchisor's option to purchase your business	~~10.2~~Section 10.3 of Franchise Agreement.	~~If the Franchise Agreement is terminated or expires (without renewal), we~~We have the ~~right to purchase the Franchised Business and its premises at fair market value and/or the right to purchase usable inventory and any items containing the Proprietary Marks at the lesser of cost or its then-current value~~option to purchase the Studio's operating assets upon termination or expiration of the franchise term.

	Provision	Section in Franchise Agreement or Development Rider	Summary
p.	Your death or disability	Section 8.2 of Franchise Agreement	If you die or become disabled or incapacitated, your executor, heir or legal representative must obtain approval to continue as the franchisee within 180 days from the date of your death, disability or incapacity. We may, at our sole option, manage the Franchised Business if there is no qualified General Manager.
q.	Non-competition covenants during the term of the franchise	~~7.4.1~~Section 7.5.1 of Franchise Agreement	Neither you, your equity owners nor any member of your ~~partners, shareholders, members or managers, nor immediate family members may~~ or your equity owners immediate family will, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business ~~that offers group fitness clases and other similar services and products offered or sold by TruFusion group fitness studios~~which offers group fitness classes for yoga, Pilates, HIITS suspension training, barre, cycle, aerial yoga, kettlebell, battle-ropes, boxing and boot-camp classes, yoga teacher training programs, nutritional works shops, or other related programs and activities (a "Competing Business").
r.	Non-competition covenants after the franchise is terminated or expires	~~7.4.2~~7.5.2 of Franchise Agreement	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, and immediate family members, for 2 years (or the maximum period allowed by law, if shorter) following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement: (i) to own, engage in, be employed or have any interest in any Competing Business within fifteen miles (or the maximum area allowed by law) of the Studio or other TruFusion Studios operated by us, our affiliate or other franchisees;
	~~Provision~~	~~Section in Franchise Agreement~~	~~Summary~~

			~~**Business within fifteen miles (or the maximum area allowed by law) of the Studio or other TruFusion group fitness studios operated by us, our affiliate or other franchisees;**~~ (ii) to solicit business from former members of ~~**your**~~the Studio for any competitive business purpose or to solicit employees of us, our affiliates or other System franchisees; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of this agreement	Section 12.1 pf Franchises Agreement.	The Franchise Agreement may only be modified by written amendment signed by both parties. We may change the Confidential Operations Manual and System Standards.
	Provision	Section in Franchise Agreement or Development Rider	Summary
t.	Integration/merger clauses	Section 12.1 of Franchise Agreement	The Franchise Agreement is the entire agreement between the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u.	Dispute resolution by arbitration or mediation	~~**No Provision**~~Sections 12.2 and 12.4 of Franchise Agreement.	Before bringing a court or arbitration action, the parties must first submit the dispute to non-binding mediation through the American Arbitration Association in the then-current County where our corporate headquarters is located (currently Clark County, Nevada) (except either party may pursue an action for injunctive relief). Except for claims for injunctive relief, all controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association in in the then-current County where our corporate headquarters is located (currently Clark County, Nevada). All subject to state law.
v.	Choice of forum	Sections 12.2~~;~~ and 12.3 of Franchise Agreement.	Subject to the arbitration requirement (and applicable state law), all actions must be commenced in the then-current County and State where our corporate headquarters is located (currently Clark County, Nevada, or the United States District Court, District of Nevada).

w.	Choice of law	Section 12.2 of Franchise Agreement	Except for the Federal Arbitration Act and other federal or applicable state law, the law of the State of Nevada applies.

~~MULTI-UNIT DEVELOPMENT AGREEMENT~~

	~~Provision~~	~~Section in Development Agreement~~	~~Summary~~
~~a.~~	~~Term of franchise~~	~~2.1~~	~~Until the date we accept and execute a franchise agreement for the last of the Franchised Businesses you are to establish under your Development Schedule or by the end of a set term to complete the Development Schedule.~~
~~b.~~	~~Renewal or extension of the term~~	~~No Provision.~~	~~There is no renewal right.~~
~~c.~~	~~Requirements for you to renew or extend~~	~~No Provision.~~	
~~d.~~	~~Termination by you~~	~~No Provision~~	~~Subject to State Law.~~
	~~Provision~~	~~Section in Development Agreement~~	~~Summary~~
~~e.~~	~~Termination by Franchisor without cause~~	~~No Provision.~~	
~~f.~~	~~Termination by Franchisor with cause~~	~~9.2~~	~~We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See Item 17(g) and (h) for further description.~~
~~g.~~	~~Cause defined – default which can be cured~~	~~9.2.1~~	~~Curable defaults have a 30 day cure period.~~
~~h.~~	~~Cause defined – default which cannot be cured~~	~~9.2.2~~	~~We have the right to terminate the Multi-Unit Development Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the goodwill of the Proprietary Marks; (ii) you are convicted or plea of guilty or nolo contendre of a felony; (iii) you misrepresent yourself in any way (including through omission of information) in connection with your development application; (iv) you file for bankruptcy or are adjudicated bankrupt; (v) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (vi) you become insolvent;~~ ~~(vii) you or your principals materially breach any other agreements with us or our affiliates; (viii) you use the Confidential Information in an unauthorized manner; (ix) you fail to adhere to the Development Schedule; and/or (x) you commit an unauthorized transfer. You can maintain any existing Franchised Businesses that are established by a Franchise Agreement, as long as you comply with the terms of that Franchise Agreement.~~
~~i.~~	~~Your obligations on termination/non-renewal~~	~~10.1~~	~~You will have no right to establish or operate a Franchised Business for which a Franchise Agreement has not been executed at time of termination.~~

~~j.~~	~~Assignment of contract by Franchisor~~	~~8.7~~	~~We have the unrestricted right to sell, transfer, assign and/or encumber all or any part of our interest in the Multi-Unit Development Agreement or ourselves.~~
~~k.~~	~~"Transfer" by you – definition~~	~~8.1~~	~~A sale, transfer or assignment is deemed to occur if: (i) you are a corporation, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest; or (iii) you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company.~~
~~l.~~	~~Franchisor's approval of transfer by Franchisee~~	~~8.3.1~~	~~You may not sell, transfer, assign or encumber your interest or your rights under the Multi-Unit Development Agreement without our prior written consent.~~
	~~Provision~~	~~Section in Development Agreement~~	~~Summary~~
~~m.~~	~~Condition for Franchisor's approval of transfer~~	~~8.3.1~~	~~Approval to sell or transfer the Multi-Unit Development Agreement may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers; (ii) the timely cure of all existing defaults under and agreement between us; (iii) execution of a general release; (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer and (v) The transferee must have paid to us the transfer fee. The proposed transferee must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and has the aptitude and adequate financial resources to fulfill the obligations under the Multi-Unit Development Agreement.~~
~~n.~~	~~Franchisor's right of first refusal to acquire your business~~	~~8.3~~	~~We can match any offer within 30 days after receipt of the written sales proposal.~~
~~o.~~	~~Franchisor's option to purchase your business~~	~~Not applicable.~~	
~~p.~~	~~Your death or disability~~	~~8.2~~	~~If you die or become disabled or incapacitated, your executor, heir or legal representative must transfer your rights to a third party, acceptable to us, within 180 days from the date of your death, disability or incapacity.~~
~~q.~~	~~Non-competition covenants during the term of the franchise~~	~~7.4.1~~	~~Neither you, nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business that offers similar services and products offered or sold by TruFusion group fitness studios (a "Competing Business").~~

~~r.~~	~~Non-competition covenants after the franchise is terminated or expires~~	~~7.4.2~~	~~The Multi-Unit Development Agreement limits your right and the rights of your partners, shareholders, members, and immediate family members, for 2 years (or the maximum period allowed by law, if shorter) following the date of the expiration and non-renewal, transfer or termination of the Multi-Unit Development Agreement:~~ ~~(i)to own, engage in, be employed or have any interest in any Competing Business within fifteen miles (or the maximum area allowed by law) of any TruFusion group fitness studios operated by us, our affiliate or other franchisees;~~ ~~licit employees of us, our affiliates or other System franchisees; or~~ ~~wn, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.~~
~~s.~~	~~Modification of this agreement~~	~~12.1~~	~~The Multi-Unit Development Agreement may only be modified by written amendment signed by both parties.~~
~~t.~~	~~Integration/merger clauses~~	~~12.1~~	~~The Multi-Unit Development Agreement is the entire agreement between the parties. Only the terms of the Multi-Unit Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable. However, nothing in the Multi-Unit Development Agreement is intended to disclaim the representations made in the Disclosure Document.~~
~~u.~~	~~Dispute resolution by arbitration or mediation~~	~~No Provision~~	~~Before bringing a court or arbitration action, the parties must first submit the dispute to non-binding mediation through the American Arbitration Association in the then-current County where our corporate headquarters is located (currently Clark County, Nevada) (except either party may~~
	~~Provision~~	~~Section in Development Agreement~~	~~Summary~~
			~~pursue an action for injunctive relief). Except for claims for injunctive relief, all controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association in in the then-current County where our corporate headquarters is located (currently Clark County, Nevada). All subject to state law.~~
~~v.~~	~~Choice of forum~~	~~12.2; 12.3~~	~~Subject to the arbitration requirement (and applicable state law), all actions must be commenced in the then-current County and State where our corporate headquarters is located (currently Clark County, Nevada, or the United States District Court, District of Nevada).~~
~~w.~~	~~Choice of law~~	~~12.2~~	~~Except for the Federal Arbitration Act and other federal or state law, the law of the State of Nevada applies.~~

ITEM 18
PUBLIC FIGURES

Alex Rodriguez, a well-known former professional baseball player, owns a minority interest in our parent company, TruFusion, LLC. Mr. Rodriguez also owns an interest in a TruFusion franchise in Coral Gables, Florida and a ~~minoriety~~minority interest in 10 units to be developed in

Washington state. Additionally, he holds area representative rights in the state of Florida.

Mr. Rodriguez signed a limited-time marketing services agreement with us, under which he agreed to promote the TruFusion brand to consumers. Mr. Rodriguez is not involved in the management and control of the franchisor.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

I. FRANCHISED LOCATIONS

As of December 31, ~~2018,~~2019, we had a total of ~~4~~9 franchised locations in operation. Of the ~~four~~9 franchised locations, ~~two~~4 operated during the entire 2019 calendar year, 2 operated during the entire 2018 calendar year and ~~one~~1 operated during the entire 2017 calendar year. The below table shows (i) the average Gross Revenues achieved by the ~~two~~4 locations during their respective first calendar year of operations~~ and~~; (ii) the Gross Revenues achieved by the ~~one~~2 locations during their second calendar year of operations; and (iii) the Gross Revenues achieved by 1 location during its ~~second~~third calendar year of operations.

TABLE NO. 1

	First Year of Operations	**Second Year of OperationsThird Year of Operations**
Average Gross Revenues	$~~1,278,258~~1,310,611.00	$~~2,920,513~~1,948,258.00$3,442,304.00
Number of Studios in Category	~~2~~4	21
Median Gross Revenue	$1,342,964.00	N/AN/A
High	$~~1,802,563~~1,802,563.00	~~Not applicable~~$2,929,513.00N/A
Low	$~~753,953~~753,953.00	~~Not applicable~~$976,003.00N/A

Notes to Table No. 1:

"Gross Revenue" means all ~~income of any type or nature from any source that is derived by operating a TruFusion studio. Gross Revenue is reported prior to any discounts and expenses. Gross Revenue does not include the collection of sales taxes from customers for payment to the appropriate taxing authorities~~revenues from sales made and all business conducted at or from, or in connection with the Franchised Business, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales), food and beverage items and tangible property of any nature. Gross Revenues does not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. The source of the Gross Revenues represented for franchised locations is the TruFusion point of sale system.

II. AFFILIATE OWNED LOCATIONS

As of December 31, ~~2018,~~2019, we had a total of 2 affiliate owned locations in operation that both operated in the greater Las Vegas area. The below table presents information about certain results achieved by our ~~two~~2 affiliate owned locations for the ~~2017 and 2018~~2019 calendar ~~years~~year.

TABLE NO. 2

	Location A	**Location B**
Gross Revenues ~~(2018 calendar year~~(1)	$~~2,527,625~~2,145,838.07	$~~1,963,517~~1,878,473.18
~~Gross Revenues (2017 calendar year)~~	**~~$1,926,699~~% of Gross Revenues(2)**	**~~$1,310,559~~% of Gross Revenues(2)**
~~2018~~ Labor Costs ~~(Percentage~~(3)	~~35~~33.8%	~~34~~31.67%
~~2017 Labor Costs (Percentage)~~	~~36%~~	~~36%~~
~~2018~~ Occupancy Costs ~~(Percentage~~(4)	~~8~~8.17%	~~10~~17.84%
~~2017 Occupancy Costs (Percentage)~~Insurance Expenses	~~16~~0.24%	~~16~~0.25%
Utilities Expenses	1.20%	1.74%
~~2018 Net Operating Income (Percentage~~Professional Services and Marketing Fees(5)	~~30~~ 4.05%	~~26~~ 2.14%
Administrative and Technology Expenses(6)	5.19%	5.85%
Costs of Goods Sold	3.13%	3.66%
Other Expenses(7)	4.33%	3.41%
~~2017~~ Net ~~Operating~~ Income	~~20~~40.72%	~~20~~33%

~~(Percentage~~[8]		
Royalties[9]	8%	8%
Brand Fund[9]	1%	1%
Adjusted Net Income[10]	31%	24%

Notes to Table No. 2:

1. "Gross Revenue" means all ~~income of any type or nature from any source that is derived by operating a TruFusion studio. Gross Revenue is reported prior to any discounts and expenses. Gross Revenue does not include the collection of sales taxes from customers for payment to the appropriate taxing authorities.~~revenues from sales made and all business conducted at or from, or in connection with the Franchised Business, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales), food and beverage items and tangible property of any nature. Gross Revenues does not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority.

2. The figures in these columns represent a percentage of each Franchised Business's Gross Revenues.

3. "Labor Costs" include wages, contractor labor costs, payroll taxes, payroll fees, workers compensation, employee benefits, tips, bonuses, and commissions. Labor costs do not include any owner's draw. The only labor costs represented are those directly related to operating each TruFusion Studio. Your Labor Costs as a percentage of Gross Revenue may vary significantly due to a number of factors, including location, your industry experience, pay rates, benefits packages and costs, operational efficiency, gross revenue, and other economic conditions.

4. "Occupancy Costs" include rent, pro rata common area maintenance costs, pro rata building property taxes, pro rata building insurance costs, building repairs and maintenance performed by the landlord, payments into reserves, and other landlord costs. Occupancy Costs will vary significantly based on many factors including location, square footage, condition of premises, lease term, industry experience of tenant, and landlord inducements.

5. "Professional Services and Marketing Fees" include costs for accountants, attorneys and other professional services, including marketing and advertising specialists.

6. "Administrative and Technology Expenses" include third-party merchant processing fees.

7. "Other Expenses" include, but are not limited to janitorial expenses, maintenance and other operating contracts, facility fees, travel expenses, taxes and other fixed expenses required to operate a TruFusion Studio. These costs are subject to local market conditions and vary depending on the geographic location of the Studio.

8. "Net ~~Operating~~ Income" means earnings before interest, taxes, depreciation, and amortization ("EBITDA"). There are many factors that will affect EBITDA, including labor and

occupancy costs discussed above, as well as other operating costs including cost of goods sold, banking and credit card fees, insurance, office supplies and expenses, postage, repairs and maintenance, marketing, professional fees, discounts and returns, travel, licenses and permits, operating supplies, training, utilities, telephone and internet costs, computers and software, and many others.

9. Our affiliate locations do not operate pursuant to a franchise agreement and therefore do not pay royalty, Brand Development Fund and other fees outlined in Item 6. ~~However, the~~

10. "Adjusted Net ~~Operating Income percentage has been adjusted to include the amounts the affiliate locations would pay in royalties and Brand Development Fund fees if they operated under franchise agreements~~Income" means Net Income minus imputed royalties and brand fund contributions.

General Notes:

These results represent services and products that will be available for franchisees to sell.

These results are unaudited.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

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

Other than the preceding financial performance representation, TruFusion Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kari Comrov at 2240 Corporate Circle, Suite 160, Henderson, NV 89074, (702) 786-0090, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS ~~2016-2018~~2017-2019

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	~~2016~~	~~0~~	~~2~~	~~+2~~
Franchised[(1)]	2017	2	2	0
	2018	2	4	+2

	2019	4	9	+5
Company Owned	~~2016~~2017	1	~~1~~2	~~0~~+1
	~~2017~~2018	~~1~~2	2	~~+1~~0
	~~2018~~2019	2	2	0
Total Outlets	**~~2016~~2017**	**~~1~~3**	**~~3~~4**	+**~~2~~1**
	~~2017~~2018	**~~3~~4**	**~~4~~6**	+**~~1~~2**
	~~2018~~2019	**~~4~~6**	**~~6~~11**	+**~~2~~5**

1. These totals include one location where Mike Borden, our CEO, maintains an ownership interest through a joint venture.

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS ~~2016-2018~~2017-2019

STATE	YEAR	NUMBER OF TRANSFERS
	~~2016~~	~~0~~
~~ALL~~All ~~STATES~~States	2017	0
	2018	0
	2019	0
TOTAL	**~~2016~~2017**	**0**
	~~2017~~2018	**0**
	~~2018~~2019	0

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2016~~2017 TO ~~2018~~2019

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
Arizona	~~2016~~2017	0	~~0~~1	0	0	0	0	~~0~~1
	~~2017~~2018	~~0~~1	~~1~~0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
Florida	~~2016~~2017	0	0	0	0	0	0	0
	~~2017~~2018	0	~~0~~1	0	0	0	0	~~0~~1

	~~2018~~2019	~~0~~1	~~1~~0	0	0	0	0	1
Missouri	~~2016~~2017	0	0	0	0	0	0	0
	~~2017~~2018	0	~~0~~1	0	0	0	0	~~0~~1
	~~2018~~2019	~~0~~1	~~1~~0	0	0	0	0	1
Nevada	~~2016~~2017	~~0~~2	~~2~~0	0	0	~~0~~1	0	~~2~~1
	~~2017~~2018	~~2~~1	0	0	0	~~1~~0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
~~Total~~Texas	~~2016~~2017	0	~~2~~0	0	0	0	0	~~2~~0
	~~2017~~	**~~2~~**	**~~1~~**	**~~0~~**	**~~0~~**	**~~1~~**	**~~0~~**	**~~2~~**
	2018	~~2~~0	~~2~~0	0	0	0	0	~~4~~0
	2019	0	2	0	0	0	0	2
Washington	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Total[(1)]	**2017**	**2**	**1**	**0**	**0**	**1**	**0**	**2**
	2018	**2**	**2**	**0**	**0**	**0**	**0**	**4**
	2019	**4**	**5**	**0**	**0**	**0**	**0**	**9**

1. As noted above, these totals include one location where Mike Borden, our CEO, maintains an ownership interest through a joint venture.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ~~2016~~2017 TO ~~2018~~2019

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
Nevada	~~2016~~2017	1	0	~~0~~1	0	0	~~1~~2
	~~2017~~2018	~~1~~2	0	~~1~~0	0	0	2
	~~2018~~2019	2	0	0	0	0	2
Total	**~~2016~~2017**	**1**	**0**	**~~0~~1**	**0**	**0**	**~~1~~2**
	~~2017~~2018	**~~1~~2**	**0**	**~~1~~0**	**0**	**0**	**2**
	~~2018~~2019	**2**	**0**	**0**	**0**	**0**	**2**

*The locations in the above chart are owned and operated by our ~~affiliate~~affiliates.

TABLE NO. 5

PROJECTED OPENINGS
AS OF DECEMBER 31, ~~2018~~2019

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
Alabama	1	0	0
California	~~13~~11	~~2~~1	1
Colorado	7	~~0~~1	0
Florida	0	0	~~1~~0
Missouri	2	0	0
Nevada	3	0	0
New Jersey	12	0	0
New York	7	0	0
Pennsylvania	9	~~0~~1	0
Texas	~~26~~24	2	0
Utah	4	~~0~~1	0
Washington	~~10~~9	~~2~~1	0
TOTAL	~~94~~89	~~6~~7	~~2~~1

Attached as Exhibit G to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document.

Attached as Exhibit G to this Disclosure Document is the name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

No prospects signed our ~~Multi-Unit~~ Development ~~Agreement~~Rider in our last fiscal year.

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

There are no trademark-specific franchisee organizations associated with the TruFusion System

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E is our audited financial statements as of December 31, ~~2016,~~2017, December 31, ~~2017~~2018 and December 31, ~~2018 and our unaudited financial statements as of June 30, 2019. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~2019. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Included in this Disclosure Document are the following contracts or agreements:

Exhibit B - Franchise Agreement

~~EXHIBIT 1 - APPROVED LOCATION AND TERRITORY~~
~~EXHIBIT 2 - STATEMENT OF OWNERSHIP INTEREST~~
~~EXHIBIT 3 - PERSONAL GUARANTY EXHIBIT 4 - COLLATERAL ASSIGNMENT OF LEASE EXHIBIT 5 - CONFIDENTIALITY AGREEMENT EXHIBIT 6 - FORM OF RELEASE~~
~~EXHIBIT 7 - DISCLOSURE QUESTIONNAIRE~~
~~EXHIBIT 8 - CONSENT TO TRANSFER~~
~~EXHIBIT 9 - ASSIGNMENT AND ASSUMPTION AGREEMENT EXHIBIT 10-TELEPHONE, INTERNET WEBSITES AND LISTING AGREEMENT EXHIBIT 11-ELECTRONIC TRANSFER AUTHORIZATION~~

Exhibit C – Development Agreement

~~Exhibit 1 – Development Area Exhibit 2 – Statement of Ownership~~

~~Exhibit 3 - Personal Guarantee Exhibit 4 - Confidentiality~~ Rider to the

Franchise Agreement Exhibit D – State Addenda~~–~~

Exhibit H – Form General Release Agreement

ITEM 23
RECEIPT

Attached to the end of this Disclosure Document are duplicate copies of a receipt page. You should sign both copies of the Receipt and return one signed copy to us at TruFusion Franchising, LLC, 2240 Corporate Circle, Suite 160, Henderson, NV 89074.

Exhibit A
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
TruFusion Franchising, LLC

STATE ADMINISTRATORS/ DESIGNATION OF AGENT FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Business Oversight	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	OREGON Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance

ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	RHODE ISLAND Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
MICHIGAN Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	WASHINGTON Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department

MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 Agent: Minnesota Commissioner of Commerce	WISCONSIN Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities
NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 - Phone Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

Exhibit B

FRANCHISE AGREEMENT

TruFusion Franchising, LLC

TRUFUSION FRANCHISING, LLC
FRANCHISE AGREEMENT

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EXHIBIT 4 ~~-~~ – COLLATERAL ASSIGNMENT OF LEASE
EXHIBIT 5 ~~-~~ – CONFIDENTIALITY AGREEMENT – EMPLOYEES EXHIBIT 6 ~~- FORM OF RELEASE~~ – CONFIDENTIALITY AGREEMENT - SUPPLIERS EXHIBIT 7 ~~-~~ – DISCLOSURE QUESTIONNAIRE
EXHIBIT 8 ~~- CONSENT TO TRANSFEREXHIBIT 9 - ASSIGNMENT AND ASSUMPTION AGREEMENT EXHIBIT 10-~~ – TELEPHONE, INTERNET WEBSITES AND LISTING AGREEMENT EXHIBIT ~~11-~~ 9 – ELECTRONIC TRANSFER AUTHORIZATION

TRUFUSION FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into and made effective this__________day of_________, ~~201~~ (the "Effective Date"), by and between TruFusion Franchising, LLC, a Nevada limited

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liability company, with its principal business address at 2240 Corporate Circle, Suite 160, Henderson NV 89074 (“Franchisor~~"~~”) and _______________, whose address is ______________________________________ (~~"~~“Franchisee~~"~~”).

BACKGROUND

A. Franchisor and/or its equity owner or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the ~~"~~“TruFusion System~~"~~” or ~~"~~“System~~"~~”) for the establishment, development and operation of ~~TruFusion~~ group fitness studios that use the TruFusion System and Proprietary Marks (as defined below) (each a “TruFusion Studio”). The System includes ~~our proprietary marks~~Franchisor’s Proprietary Marks, recognized designs, decor and color schemes, distinctive specifications for fixtures, equipment, and designs; know-how, and trade secrets; procurement of members, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a TruFusion ~~group fitness studio~~Studio pursuant to the Confidential Operations Manual (as defined in Section 5.5) provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

B. The TruFusion System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark ~~"~~“TruFusion~~™"~~®” and other identifying marks and symbols that Franchisor uses now or may later use as part of the TruFusion System (the ~~"~~“Proprietary Marks~~"~~”). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owner or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor’s standards of quality and the services marketed under the Proprietary Marks.

C. Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System and Proprietary Marks to operate a TruFusion ~~group~~

~~fitness studio~~Studio.

D. Franchisee has applied to Franchisor for a franchise to operate a TruFusion~~group fitness studio~~ Studio using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

E. By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards and as described in the System. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance**. Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one TruFusion ~~group fitness studio~~Studio using the TruFusion System and the Proprietary Marks pursuant to this Agreement (the "Studio" or the "Franchised Business"). In connection with developing and operating the Studio, Franchisee shall use the Proprietary Marks in accordance with Franchisor's operating standards and System, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time~~, in connection with the Studio~~.

1.2. **Territory**. Franchisee shall establish and operate the Studio within the protected area identified in Exhibit 1 to this Agreement (the ~~"~~"Territory~~"~~"). Provided Franchisee complies with the terms of this Agreement, and except as set forth in Section 1.3 below, Franchisor shall not own, operate, franchise or license any other TruFusion ~~group fitness studio within the Territory, except~~Studio within the Territory.

1.3. **Reservation of Rights**. Except as expressly limited by Subsection 1.2 above, Franchisor and its affiliates retain all rights with respect to TruFusion Studios, the Proprietary Marks, the sale of identical, similar or dissimilar products and services, and any other activities Franchisor deems appropriate whenever and wherever Franchisor desires. Specifically, but without limitation, Franchisor reserves the ~~right to do so in other~~following rights:

(1) the right to operate, and to grant others the right to operate, TruFusion Studios located anywhere outside the Territory under any terms and conditions Franchisor deems appropriate and regardless of proximity to the Studio;

(2) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar

or alternative channels of distribution~~ as described in Section 1.3. Franchisor and/or Franchisor's affiliates, however, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, group fitness studios operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Studio and the right to convert those businesses to TruFusion businesses, (ii) to distribute products and services as described in Section 1.3, both within and outside the Territory, (iii) to use and to license others to use, the System for the operation and licensing of other TruFusion group fitness studios at any locations outside of the Territory; (iv) to establish and operate, and license other parties to establish and operate TruFusion group fitness studios both within and outside the Territory in fitness centers, health clubs, colleges, universities, hotels, casinos, business complexes, regional malls, airports, military bases and other similar outlets ("Special Venue Locations"); (v) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of franchised businesses; and (vi) the right to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by TruFusion, inside or outside the Territory.~~, at any locations inside or outside the Territory under trademarks or service marks other than the Proprietary Marks and on any terms and conditions Franchisor deems appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided at TruFusion Studios, whether identified by the Proprietary Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the Internet or similar electronic media or any other form of electronic commerce, both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Proprietary Marks and on any terms and conditions Franchisor deems appropriate;

(5) the right to market and sell products and services to national, regional and institutional accounts, whether located inside or outside the Territory. "National, regional and institutional accounts" are organizational or institutional customers whose presence is not confined to the Territory, including (by way of example only): business entities with offices or branches situated both inside and outside of the Territory; government agencies, branches or facilities; healthcare networks; the military; and, any other customer whose presence is not confined to the Territory;

(6) the right to operate, and to grant others the right to operate TruFusion Studios at "Non-Traditional Sites" within and outside the Territory on any terms and conditions Franchisor deems appropriate. "Non-Traditional Sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including, without limitation: military bases, shopping malls, airports, stadiums, arenas, major industrial or office complexes, hotels, school campuses, casinos, educational facilities, and sports or entertainment venues;

~~1.3. Other Channels of Distribution. Subject to the restrictions in Section 1.2, Franchisor and Franchisor's affiliates, reserve the unrestricted right to offer products and services (which may include, but are not limited to, software, clothing, books, food, nutritional products, videos, and music), whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor's affiliates own or license, through any distribution method Franchisor or its affiliates may establish, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with the Studio. These other channels of distribution may include locations and venues other than a TruFusion group fitness studio including Special Venue Locations and retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as Franchisor and/or its affiliates determine, in Franchisor's or its affiliate's sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's affiliates or~~

(7) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at TruFusion Studios, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees ~~or any other party receives in connection with the alternate channels of distribution.~~of these businesses) are located or operating (including in the Territory); and

(8) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at TruFusion Studios, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

2. TERM AND RENEWAL

2.1. **Term**. This Agreement grants rights to Franchisee for a period of 10 years ~~and is effective when signed by Franchisor~~beginning on the Effective Date.

2.2. **Renewal**. Franchisee shall have the right to renew this Agreement for up to two successive ~~periods~~renewal terms of ten (10) years each if the following conditions have been met:

2.2.1 ~~2.2.1.~~Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than ~~13~~9 months prior to the expiration of the current term;

2.2.2 ~~2.2.2.~~Franchisee owns or has the right under a lease to occupy the premises of the Studio ~~for an additional 10 years~~during the renewal term and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Studio for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Studio, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

2.2.3 ~~2.2.3.~~Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor~~'~~'s satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Studio and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor ~~shall reasonably require~~requires so that the premises reflect the then-current image of a TruFusion ~~group fitness studio~~Studio.

2.2.4 ~~2.2.4.~~Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its affiliates, either at the time Franchisee gives notice of its intent to renew or at any time after through the last day of the then current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

2.2.5 ~~2.2.5.~~Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its affiliates or otherwise pursuant to ~~the Franchise~~this Agreement;

2.2.6 ~~2.2.6.~~Franchisee has executed, at the time of such renewal, Franchisor~~'~~'s then- current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7 ~~2.2.7.~~Franchisee at its expense has satisfied Franchisor~~'~~'s then-current training requirements for new franchisees as of the date of the renewal;

2.2.8 ~~2.2.8.~~Franchisee has paid a renewal fee to Franchisor equal to the greater of~~ (i) ~~(i) 25% of Franchisor's then-current initial franchise fee, or (ii) $16,250; and

2.2.9 ~~2.2.9.~~Franchisee has executed a release of any and all claims against Franchisor and its affiliates, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising.~~ Franchisor's current form of release is attached to the Franchise Agreement as Exhibit 6.~~

3. LOCATION

3.1. **Approved Location**. ~~Franchisee is granted a non-exclusive franchise, which permits the operation of a single TruFusion group fitness studio within the Territory at~~The Studio must be operated in the Territory and from the location identified in Exhibit 1 to this Agreement or a location subsequently agreed upon in writing by Franchisor and Franchisee (the "Approved Location"). If the Approved Location is not identified in Exhibit 1 when the parties execute this Agreement, then Franchisee is responsible for locating a site within the geographic area described on Exhibit 1 (the "Designated Area"). The Designated Area is delineated for the sole purpose of site selection and does not cover any territorial exclusivity or protection. Franchisee shall find a location in the Designated Area and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Approved Location.

~~Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Approved Location, without the Franchisor's prior written permission. Franchisor may permit Franchisee to offer off-site retreats, subject to Franchisor's prior written approval.~~

~~Franchisee shall not conduct any mail order, catalog or Internet business. Franchisee shall solicit sales of products or services offered by the Franchised Business via the Internet only in connection with advertising for products and services to be delivered at or from the Approved Location in the manner Franchisor permits.~~

3.2. **Site Search; Purchase or Lease of Premises**. Franchisee is responsible for finding a site for the Studio in the Designated Area and in coordination with the Franchisor's site criteria ~~and in connection with the Franchisor's preferred real estate broker~~. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location in the Designated Area. Franchisee acknowledges that Franchisor's approval of the Approved Location does not constitute a recommendation, endorsement, guarantee or warranty of any kind, express or implied, by the Franchisor of the suitability or profitability of the location. If Franchisor recommends or provides Franchisee with any information regarding a site for the Franchised Business, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a TruFusion ~~group fitness studio~~Studio or any other purpose. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes and is not intended to be relied upon by Franchisee as an indicator of likely success. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Location is based on Franchisee's own independent investigation of the site's suitability for the Studio. Site selection assistance provided by Franchisor does not relieve Franchisee of primary responsibility to locate an acceptable site in the time periods required.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to approve any designation of the Approved Location in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

If the Approved Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location in the Designated Area within 180 days after the date of execution of this Agreement. Within the 180 day period, Franchisee must: (i) find a suitable site in the Designated Area, meeting Franchisor's specifications; ~~(ii)~~ (ii) submit a request for approval of the proposed site; (iii) deliver all information and copies of proposed agreements; (iv) receive Franchisor's written approval; and (v) upon Franchisor's approval, either enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. ~~The parties may extend the 180 day period at the Franchisor's discretion provided Franchisee diligently complied with the other obligations of this Section 3.2 and has submitted a formal written request no later than 30 days prior to the completion of the initial 180 day expiration~~Franchisee acknowledges and agrees that failing to identify an Approved Location in the Designated Area within the time prescribed by this Section is a material breach of this Agreement. If Franchisee or its equity owner or affiliate purchases or owns the Approved Location, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

Franchisee ~~shall~~may be required to use a real estate broker from Franchisor's network of approved licensed professionals in connection with the Studio site selection process. ~~Under special circumstances, Franchisor may approve use of a different broker, however, Franchisee's broker will be required to co-broker with our designated Real Estate Broker.~~

3.3. **Lease or Purchase**.

3.3.1 ~~3.3.1.~~Franchisor shall not approve any lease for the proposed location unless it contains certain provisions, including (i) a limitation that the premises shall be used only for a TruFusion ~~group fitness studio~~Studio; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of ~~the Franchise~~this Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the

Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2 Franchisor’s review of the lease or purchase agreement for the Approved Location does not constitute Franchisor’s representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of Franchisor’s opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor’s lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.3.3 Franchisor reserves the right (but has no obligation) to enter into a master lease for the Approved Location (or a substitute site Franchisee proposes), whether directly or through an affiliate, and sublease the Approved Location (or any substitute site Franchisee proposes) to Franchisee upon mutually agreeable terms regarding fees, rent and deposits. Franchisee acknowledges that any master lease that Franchisor or its affiliate may enter into for the Approved Location (or a substitute site Franchisee proposes) shall neither give rise to any liability on Franchisor’s part (or that of its affiliates), nor shall such master lease be construed as an express or implied warranty to Franchisee regarding the viability, profitability or merit of the Approved Location (or a substitute site Franchisee proposes) for the Studio. Franchisee further acknowledges that it shall not be a third party beneficiary of the master lease and that Franchisor does not make any representations or guarantees regarding the commercial terms of the master lease, including, but not limited to, the rent. If Franchisor or its affiliate subleases the Approved Location (or a substitute site Franchisee proposes) to Franchisee, it agrees to execute Franchisor’s then current form of sublease, as may be modified or amended by Franchisor.

3.3.4 ~~3.3.3~~If Franchisee does not agree with any lease provisions that Franchisor has approved or negotiated, Franchisee may elect not to sign the lease, but Franchisee would be required to find another suitable site for the Approved Location. If Franchisee rejects a site Franchisor approves because Franchisee does not agree with the lease provisions that Franchisor or its representatives have negotiated, Franchisor may permit another franchisee to enter into a lease for such site, whether on the terms Franchisee rejected, or other terms.

3.4. **Relocation**. ~~**In the event**~~If the lease ~~**term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or**~~expires or is terminated without any fault of Franchisee~~**cannot continue for any other reason to occupy**~~, or if the site for the Approved Location~~,~~ is destroyed, condemned, or otherwise rendered unusable, Franchisor will allow Franchisee to relocate the Studio to a new site acceptable to Franchisor. Franchisee shall relocate the Studio~~**to a site mutually acceptable to Franchisee and Franchisor**~~ in accordance with Franchisor’s specifications and subject to Section 3.2 and Section

3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee~~'~~'s intent to relocate and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Studio at the original location. Franchisee must open the Studio for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement. Franchisee must pay a relocation fee in an amount equal to the cost to reimburse ~~us~~Franchisor for ~~our~~its out-of-pocket costs and expenses promptly upon receipt of ~~our~~its invoice.

4. FEES AND COSTS

4.1. **Initial Franchise Fee**. Franchisee shall pay Franchisor an initial franchise fee in the amount of $65,000 in cash or by certified check, at the time of execution of this Agreement. The initial franchise fee is payable when ~~you sign the franchise agreement~~Franchisee signs this Agreement. The initial franchise fee is not refundable under any circumstances.

4.2. **Royalty Fee**.

4.2.1 ~~4.2.1.~~**Royalty; Gross Revenues**. Franchisee shall pay to Franchisor a weekly royalty fee equal to 8% of all ~~"~~"Gross Revenues~~"~~" of the Franchised Business during the preceding week. "Gross Revenues" shall include all revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Franchised Business, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales), food and beverage items and tangible property of any nature. Gross Revenues shall not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. Franchisee agrees to pay all of these taxes when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Revenues at the time of refund or exchange, provided that these sales have previously been included in Gross Revenues.

4.2.2 ~~4.2.2.~~**Payment; Reporting**. The royalty fee shall be paid by Franchisee on a weekly basis and must be received by Franchisor no later than the Tuesday (or another day Franchisor specifies) following the close of the week (ending on the preceding Sunday) for which the fee is calculated. Franchisee must provide weekly summaries of sales and services rendered during the preceding week, (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting week, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may estimate Gross Revenues and withdraw from Franchisee's operating account the amounts estimated to be due and/or require Franchisee to provide the Report on a weekly basis. Any overpayments from the estimated amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest. Franchisor may charge Franchisee a late fee for each week a Report is delayed.

4.2.3 ~~4.2.3.~~**Single Operating Account; Electronic Funds Transfer**. Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. If Franchisor directs, Franchisee shall designate an account at a commercial bank of its choice (the "Account") for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Franchised Business. Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisor shall provide Franchisee with a written confirmation of electronic funds transfers, which may be made weekly or monthly and which Franchisor may send by facsimile, email, or other electronic means.

4.2.4 ~~4.2.4.~~Franchisor may designate a third party back office solutions provider, to facilitate Franchisee's membership billing. After each weekly draft, the membership dues revenue will be deposited into Franchisee's Account. After the deposit, the designated back office solutions provider will withdraw any amounts due to Franchisor under this Agreement, including the royalty fee, Fund contribution and other fees payable to Franchisor. On the payment dates, Franchisor will calculate the amount due and the designated back office solutions provider will make the deposit to the Account on Franchisee's behalf. All records of the transactions will be provided to Franchisee weekly. Any other payments due to Franchisor must be made by ~~you~~Franchisee by electronic funds transfer pursuant to Section 4.2.3 above.

4.3. **Advertising**. Franchisee agrees to actively promote the Studio and to abide by all of Franchisor~~'~~'s advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other TruFusion System franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees.

4.3.1 ~~4.3.1.~~**Generally**. With regard to advertising generally for the Studio, Franchisee shall place or display at the Studio premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor.

4.3.2 ~~4.3.2.~~**Pre-Launch Advertising**. During the period beginning approximately 90 days before the opening of the Studio, Franchisee shall expend at least $10,000 on grand opening advertising and promotion in and/or for Franchisee~~'~~'s market area and $5,000 on grand opening advertising and promotion during the period approximately 90 days after the opening of the Studio. ~~Franchisor~~Franchisee shall make such expenditure in accordance with Franchisor~~'~~'s written requirements and specifications. Franchisee has the right, but is not required, to spend additional sums with respect to grand opening advertising. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.3.3 ~~4.3.3.~~**Minimum Advertising Expenditure; Local Advertising**. Each month during the term of this Agreement, Franchisee shall expend 1% of Franchisee's monthly Gross Revenues on local advertising, but not less than $1,000, at Franchisee's discretion, in print, radio, television or ~~internet~~Internet form as described in this Section 4.3.3 and in Section 4.3.4 (~~"~~"Minimum Advertising Expenditure~~"~~").

4.3.4 ~~4.3.4.~~**Brand Development Fund**.

4.3.4.1 Franchisor shall have the right to establish, administer and control the Brand Development Fund (the "Fund"). Franchisee agrees to contribute to the Fund an amount equal to 1% of Franchisee's weekly Gross Revenues at the same time and in the same manner Franchisee makes payment of royalties or as otherwise directed by Franchisor. Franchisor reserves the right to increase the Fund contribution to 2% of Franchisee's weekly Gross Revenues. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately, or Franchisor may establish separate entities to administer the Fund and the Fund contributions. Although once established, Franchisor would intend the Fund to be of perpetual duration, Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money. Franchisor does not owe any fiduciary obligation for administering the Fund.

4.3.4.2 Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the TruFusion System, including the costs of preparing and conducting social media, digital marketing, radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Instagram, Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a ~~World Wide Web or Internet site for System group fitness studios~~website for TruFusion Studios; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may include call recording; implementation and use of Member Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which ~~your~~the Studio is located. Franchisor's decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee's written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Fund, by Franchisor or by its affiliate, and Franchisor, or its affiliate, may make a profit on the sale. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. The Fund may spend more or less than the total annual Fund contributions in a given fiscal year and may borrow funds to cover deficits. Fund contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year.

4.3.4.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of the TruFusion System~~ group fitness studios~~, TruFusion Studios and the TruFusion brand generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to insure ~~that~~ the expenditures from the Fund are proportionate or equivalent to Franchisee's contributions or that the Studio or any TruFusion ~~group fitness studio~~Studio shall benefit directly or pro rata or in any amount from the placement of advertising.

4.3.4.4 **Special Promotional Programs**. From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the TruFusion System franchisees as a whole or to specific advertising market areas. If Franchisee participates in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Franchisee cannot create unapproved rewards or loyalty programs.

4.3.5 **Website Requirements**. Franchisee shall not develop, own or operate any website (or any other online presence or social media platform) using the Proprietary Marks or otherwise referring to the Studio or the products or services sold under the TruFusion System (the "Website") without Franchisor's prior written approval. All content of the Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. If Franchisor requires, Franchisee shall establish the Website as part of the website(s) Franchisor or the Fund or Franchisor's designee establishes. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a

Website, which may promote the Proprietary Marks and /or TruFusion System and/or ~~the group fitness studios operating under the~~ TruFusion ~~System. You~~Studios. Franchisee must pay to Franchisor any fee imposed by Franchisor or ~~your~~Franchisee's pro rata share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operating of the Website at any time without notice to you. Currently, Franchisor does not charge any fee for franchisees for the use of its Website, but reserves the right to do so. Upon the expiration, termination or non-renewal of the franchise agreement, Franchisee will assign any website domain or social media account used in connection with the Studio.

4.3.6 **Advertising Cooperatives**. Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute an amount determined by the cooperative, up to 2% of Franchisee's monthly Gross Revenues. Amounts contributed to a cooperative will not be credited against monies Franchisee is otherwise required to spend on local advertising or required to contribute to the Fund. Franchisor has the right to draft Franchisee's bank account for the advertising cooperative contribution and to pass those funds on to the respective cooperative. The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that Franchisor approves. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Franchisor may require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, Franchisor has the right to review the cooperative's finances, if it so choose. The Franchised Business may not benefit directly or proportionately to its contribution to ~~the Cooperative~~a cooperative. Franchisor reserves the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, Franchisor may terminate or suspend a cooperative's program or operations. Franchisor may form, change, dissolve or merge any advertising cooperative.

4.4. ~~4.4~~**Technology Fee**. Franchisee shall pay Franchisor an initial setup fee of $500 and a monthly ~~Technology Fee~~technology fee (currently, $1,500 per month) (the "Technology Fee"). The Technology Fee includes technology and software platforms used to support the operations of a TruFusion Studio. ~~This fee~~The Technology Fee includes website management and update, email server, studio management/POS system, franchise management system, and internal communication system for teachers and other personnel. The Technology Fee is subject to annual increases in the Consumer Price Index~~. This fee~~ and is payable with the first royalty payment each month.

4.5. ~~4.5~~**TruYou Online Learning Management System Fee**. Franchisee shall pay to Franchisor its then current ~~Learning Management System~~ monthly fee (currently, $125 per month, for up to 20 user) for access to Franchisor's learning management system (the "Learning Management System Fee"). The Learning Management System Fee shall be payable with the first royalty payment each month. Additional users may incur additional user fees.

4.6. ~~4.6~~**Lead Management, Data Collection and Reporting Software**. Franchisee shall pay to Franchisor its then current fee (currently $150 - $250 per month) for Lead Management

CRM, KPI Data monitoring and reporting software. This monthly fee shall be payable with the first royalty payment each month~~.4.7Relocation Fee. In the event Franchisee obtains Franchisor's prior written approval to relocate the Studio, Franchisee shall promptly reimburse Franchisor for its out-of-pocket costs and expenses incurred by Franchisor in connection with the relocation process~~.

4.7. ~~4.8~~**Layout Concept Fee**. ~~As part of your site selection process, for sites that Franchisor approves LOI submission,~~ Franchisor will provide Franchisee with up to five unique space layout concept options to aid in the evaluation of potential sites after Franchisor receives a letter of intent for a potential site from Franchisee. These layouts are for the purpose of evaluating whether or not a TruFusion ~~studio~~Studio will fit in a potential space and is not intended to represent final or architectural designs in any way. Additional and/or excessive requests may result in additional fees of up to $250 per layout. For all layout concept requests, if Franchisor is not provided with CAD files, Franchisor may charge a fee of up to $500 to re-draw PDF files of as-is drawings/floor plans.

4.8. ~~4.9~~**Annual Conference**. To the extent Franchisor elects to have an ~~Annual Conference~~annual conference, Franchisor reserves the right to charge Franchisee a fee up to $1,000 per person to attend Franchisor's annual conference. Franchisee will also be responsible for all travel and living expenses for each person attending.

4.9. ~~4.10~~**Annual Training Summit**. ~~Franchisee~~Franchisor may require Franchisee, ~~(or its~~ or if Franchisee is an entity, Franchisee's owner identified on Exhibit 2 (the "Operating Principal"), Franchisee's lead teachers and/or ~~franchisee's Studio's manager~~Franchisee's General Manager (as defined in Section 6.3.9) to attend an ~~Annual Training Summit~~annual training summit. Franchisee may be required to pay Franchisor a registration fee~~,~~ of up to $~~500,~~500 per attendee. Franchisee will be responsible for all travel and living expenses for all of ~~your~~the Studio's representatives.

4.10. ~~4.11~~**Software License and Set Up Fee**. Franchisee shall pay Franchisor an initial non- refundable setup fee of $500 and its then current monthly fees in consideration of Franchisor setting up and maintaining its proprietary software at the Studio. The setup fee will be charged 30 days prior to the anticipated start date of selling pre-sale memberships~~ in anticipation of Franchisee's studio's~~, which must occur before opening ~~and~~the Studio or as Franchisor otherwise designates. ~~Software licensing and setup~~These fees are subject to change.

~~4.12Non-Compliance Fee. In addition to other rights and remedies reserved by Franchisor, Franchisor may assess a non-compliance fee in an amount up to $1,000 for violations of the Franchise Agreement and/or the Operations Manuals.~~

4.11. **Lease Review Fee**. To the extent Franchisee requests that Franchisor review a document related to its lease of the Approved Location, Franchisee must compensate Franchisor and/or its affiliate for their time, costs, and expenses incurred in reviewing such documents that Franchisor or a third-party landlord require for the Approved Location. Franchisee must pay Franchisor an additional lease negotiation/review fee for each new lease or consent that Franchisor or its affiliate must negotiate for a different site Franchisee selects for the Approved Location, or for any new lease documents Franchisee requests that Franchisor review.

4.12. ~~4.13~~**Collection Costs, Attorneys~~'~~’ Fees, Interest**. Any late payment or underpayment of the royalty fee, advertising contributions and any other charges or fees due Franchisor or its affiliates from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Studio is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys~~'~~’ fees, arbitration costs, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys~~'~~’ fees, arbitration costs, court costs and other expenses incurred by Franchisor.

4.13. ~~4.14~~**Audit**. Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee~~'~~’s operation of the Franchised Business. At any time during normal business hours, Franchisor or its designee may enter the Franchised Business or any other premises where these materials are maintained and inspect and/or audit Franchisee~~'~~’s business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenues by 2% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest (to be calculated as set forth in Section 4.12 above) from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

If Franchisor conducts an examination which reveals a royalty or Fund contribution understatement exceeding five percent (5%) of the amount that Franchisee actually reported to Franchisor for any week within the period examined, or for the entire period of examination, Franchisee agrees to immediately pay Franchisor the additional amount due as shown by the examination plus interest (to be calculated as set forth in Section 4.12 above). Franchisee also agrees to immediately reimburse Franchisor for the costs of an examination for the entire period of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of Franchisor's employees. Such understatement shall be a material breach of this Agreement and, in addition to Franchisor's other remedies and rights under this Agreement and applicable laws, Franchisor shall have the right to terminate this Agreement immediately upon notice to Franchisee, without opportunity to cure.

4.14. ~~4.15~~**Financial Records and Reports**. Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the gross revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee~~'~~’s Gross Revenues; (ii) within 15 days of the conclusion of Franchisee's fiscal quarter, an income statement and statement of cash flow for the Franchised Business, which includes a year-to-date balance sheet as of the end of such fiscal quarter; (iii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee; (~~iii~~iv) state and local sales tax returns or reports within 15 days after their timely completion;~~(iv)~~ (v) federal, state and local income tax returns for each year in which the Franchised Business is operated within 60 days after their timely completion; and (~~v~~vi) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as member enrollment, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor’s sole discretion.

4.15. ~~4.16~~**Taxes on Payments to Franchisor**. In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment. Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon Franchisee or the Studio, due to the business Franchisee conducts (except for Franchisor's income taxes). Franchisee is responsible for paying these taxes and must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Franchisee.

4.16. ~~4.17~~**No Right of Set Off**. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its affiliates, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

4.17. ~~4.18~~**Management Fee**. If ~~we determine in our~~Franchisee breaches this Agreement or if Franchisor determines, in its sole judgment, that the operation of ~~your business~~the Franchised Business is in jeopardy, ~~or if a default occurs, then in order to prevent an interruption in~~Franchisor may assume operation of the Franchised Business~~, we may operate your business~~ on Franchisee’s behalf for as long as ~~we deem~~Franchisor deems necessary and practical. In ~~our~~Franchisor’s sole judgment, ~~we~~it may deem ~~you~~Franchisee incapable of operating the Franchised Business if, without limitation, ~~you are~~Franchisee is absent or incapacitated by reason of illness or death; ~~you have~~Franchisee has failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against ~~your business; or we determine~~the Franchised Business; or Franchisor determines that operational problems require that ~~we operate your~~Franchisor operates the Franchised Business for a period of time that ~~we determine~~Franchisor determines, in ~~our~~its sole discretion~~,~~ to be necessary to maintain the operation of the ~~business~~Franchised Business as a going concern. ~~We~~ If Franchisor assumes management of the Franchised Business, then Franchisor shall keep in a separate account all monies generated by the operation of ~~your~~the Franchised Business, less ~~our~~Franchisor's management fee equal to 10% of the Franchised Business' Gross Revenues, and ~~our~~Franchisor's operating expenses, including reasonable compensation and expenses for ~~our~~its representatives. ~~Your~~The Franchised Business will still have to pay all costs under ~~the Franchise~~this Agreement, including royalties and ~~Brand~~ Fund payments. ~~You~~Franchisee must indemnify and hold Franchisor and its representatives harmless ~~us and our representatives~~ for all actions occurring during the course of such temporary operation. ~~You~~Franchisee must pay all of ~~our~~Franchisor's reasonable attorneys' fees and costs incurred and will be rerquired by Franchisor to enter into Franchisor's form management agreement, which will govern Franchisor's management of the Franchised Business.

5. FRANCHISOR SERVICES

5.1. Site Selection.

5.1.1 ~~5.1.1.~~**Site Selection Assistance**. Franchisor ~~(through the use of~~may assist, or may require that Franchisee use Franchisor's designated real estate broker~~) shall assist Franchisee,~~ in identifying potential locations in the Designated Area that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses, attendance at township approval meetings, review of licensing and zoning requirements. ~~Under special circumstances, Franchisor may approve use of a different broker, however, in such instance, Franchisee's broker will be required to co-broker with our designated real estate broker.~~

5.1.2 ~~5.1.2.~~**Site Selection Approval**. Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Studio. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Studio shall be successful.

5.2. **Layout**. Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical ~~System~~ TruFusion ~~group fitness studio~~Studio. Franchisee shall construct and equip the Studio in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee shall hire a licensed architect, selected from Franchisor's network of approved professionals, to prepare complete architectural package to include, but not limited to, floor plan, design, engineering and specifications. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Studio shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and ~~you~~Franchisee may not alter the trade dress without Franchisor’s consent. Franchisor may require Franchisee to provide it with records and costs related to Franchisee's build-out or remodeling of the Studio, including drawings, change orders and bids. Franchisee acknowledges and agrees that any supplier it hires must sign Franchisor's then-current form of Confidentiality Agreement for third-party suppliers, the current form of which is attached as Exhibit 6 to this Agreement.

5.3. **Training**.

5.3.1 ~~5.3.1.~~**Initial Training**. Franchisor shall provide, either itself or through its designee, an initial onboarding and business training programs to be held in Las Vegas, Nevada, or another place, at the times and places Franchisor shall designate. Certain portions of the initial onboarding training may be web-based. Franchisor shall schedule the on-boarding training program, at Franchisor’s convenience, within approximately thirty (30) days after Franchisee signs this Agreement. Franchisee, or if Franchisee is a business entity, Franchisee’s Operating Principal shall attend and complete the initial onboarding training program to Franchisor~~'~~’s satisfaction prior to the opening of the Studio.

Franchisor shall provide, either itself or through its designee, an initial business training program to be held in Las Vegas, Nevada, or another place, at the times and places Franchisor shall designate. Franchisor shall schedule an initial business training program, at Franchisor’s convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Studio. Franchisee, or if Franchisee is a business entity, Franchisee’s Operating Principal, and Franchisee’s General Manager (as defined in Section 6.3.9) shall attend and complete the initial training program to Franchisor~~'~~’s satisfaction prior to the opening of the Studio.

Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. Franchisor shall provide initial business training initially for two people including Franchisee (or its Operating Principal), and its General Manager. If initial training is otherwise required for Franchisee or any equity owner, General Manager, instructor, or other employee, Franchisee shall pay Franchisor~~'~~’s then-current tuition for each person to attend the additional initial training program or Teacher Training (as the case may be). Each of Franchisee~~'~~’s additional and/or replacement General Managers shall attend and complete to Franchisor~~'~~’s satisfaction Franchisor~~'~~’s initial business training program prior to assuming management responsibility.

5.3.2 ~~5.3.2.~~**Senior Teacher Training**. Beginning six months after the opening of the Studio, Franchisee must have a minimum of two senior teachers on staff (“Senior Teachers ~~on staff~~”), at all times, which have attended and completed Franchisor’s senior teacher training (“Senior Teacher Training”). Franchisor shall provide Senior Teacher Training for up to three people, including ~~the~~ Franchisee (or its Operating Principal) and the designated Senior Teachers. Prior to attending Senior Teacher Training, each ~~instructor~~Senior Teacher must complete, to Franchisor’s satisfaction, its online instructor training program and submit a video demonstrating that Senior Teacher’s ability that Franchisor approves. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site ~~and~~, lodging, meals, and salaries ~~during training,~~ for individuals attending Senior Teacher Training.

5.3.3 ~~5.3.3.~~**On-Site Training**. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of Franchisee, Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee~~'~~’s location, and may charge Franchisee its then-current ~~tuition~~on-site training fee.

5.3.4 ~~5.3.4.~~**Refresher Courses; Supplemental Training**. Franchisor reserves the right to offer optional or mandatory refresher courses and supplemental training programs~~, which may be optional or mandatory,~~ from time to time~~, to Franchisee, its equity owners if Franchisee is a business entity, its General Manager, instructors and/or its employees~~. Franchisee shall be responsible for ~~the personal~~its personnel’s expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for ~~individuals~~any individual attending ~~any~~a refresher or supplemental training program. Franchisee shall also pay Franchisor~~'~~’s then-current ~~tuition for any individual attending~~fee it charges for refresher courses or supplemental training.

5.3.5 ~~5.3.5.~~**Administration of Brand Development Fund**. Franchisor shall administer the advertising contributions to the Fund paid by Franchisor under this Agreement as described in Section 4.3.4.

5.4. **Continuing Consultation and Advice**. In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding member procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Studio. Such assistance may be provided by telephone, ~~facsimile,~~ email, postings to Franchisor’s intranet, periodically through on- site assistance by appropriate personnel of Franchisor, and/or other methods.

5.5. **Confidential Operations Manual**. Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the ~~"~~“Confidential Operations Manual~~"~~”. Franchisee shall operate the Studio in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Studio or change all or any part of the System, and Franchisee shall take all actions, at Franchisee’s expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall insure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor’s website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format. All user access information must be kept in a secure place and maintained by Franchisee.

6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business**. Franchisee shall take possession of the premises of the Studio within 270 days after the date of execution of this Agreement and must open the Studio for business within 12 months after the execution of this Agreement. Franchisee shall not open the Studio for business until Franchisee has complied with Franchisor’s requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor’s opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor; (ii) the Studio complies with Franchisor’s standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor’s pre-opening training requirements; ~~(iv)~~
(iv) Franchisee has obtained all applicable licenses and permits; and (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment.

6.2. **Compliance with Standards**. Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor~~'~~’s Confidential Operations Manual are reasonable, necessary and desirable for the operation of the Studio and the TruFusion System. Franchisee shall adhere to Franchisor~~'~~’s standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual TruFusion franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including TruFusion -branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its affiliates may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee ~~must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee may not be~~may not serve as a supplier~~ to other franchisees~~ without Franchisor's express written permission. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor’s standards and specifications. Franchisee may request approval of a supplier under Franchisor’s published procedures, which include inspection of the proposed supplier’s facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees. Franchisor may also charge a fee for Franchisor’s services in making a determination on the proposed supplier, including the costs of inspection of the supplier’s facilities, evaluation of the test results, and a background check of the supplier. If Franchisor does not respond within 30 days of Franchisee's request, the initial request to evaluate a new supplier shall be considered declined. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor’s criteria.

Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges.

6.3. **Operations**.

6.3.1 ~~6.3.1.~~Franchisee shall keep the Studio open for at least those hours and days specified by Franchisor in the Confidential Operations Manual.

6.3.2 ~~6.3.2.~~Franchisor shall provide ~~class scheduling~~ templates for class schedules and guidelines for programming classes~~,~~ and workshops and events, including offsite retreats.

6.3.3 ~~6.3.3.~~Franchisee shall provide classes, workshops, trainings and events, including offsite retreats, only as approved by Franchisor~~.~~, though Franchisee may request certain trainings, workshops, events and/or ~~events~~retreats for Franchisor to consider and review.

6.3.4 ~~6.3.4.~~Franchisee shall maintain the Studio in a clean, safe and attractive manner, and in accordance with all applicable requirements of the law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Studio so as to preserve, maintain and enhance the reputation and goodwill of the TruFusion System.

6.3.5 ~~6.3.5.~~Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the ~~business~~Franchised Business in a businesslike, proper and efficient manner.

6.3.6 All products and services will be offered and sold only at the Studio and from the Approved Location. Franchisor may permit Franchisee to offer off-site retreats, subject to Franchisor's prior written approval.

6.3.7 Franchisee shall only advertise and solicit to members or prospective members of the Studio within the Territory. Franchisee shall not use other channels of distribution to make sales at the Studio, such as the Internet or any other form of electronic commerce, catalog sales, telemarketing, or other direct marketing to make sales inside or outside the Territory, without Franchisor's prior written permission.

6.3.8 ~~6.3.6.~~Franchisee shall operate the Studio in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the TruFusion name and brand and the TruFusion System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Studio in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Studio at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees and employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) as their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.9 ~~6.3.7.~~Franchisee acknowledges that proper management of the Studio is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Studio. If Franchisee is an entity, Franchisee must appoint and maintain ~~throughout the Term~~ an Operating Principal throughout the term of this Agreement, who ~~must be an equity owner of Franchisee. The Operating Principal is~~will at all times be identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Studio. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal.

Franchisee must hire a ~~General Manager~~general manager to be responsible for the direct on-premises supervision of the Studio at all times during the hours of operation ("General Manager"). Franchisee's General Manager must furnish his or her full-time attention and best efforts to the management of the Studio~~. However~~; provided, however, Franchisee is still responsible for the operations of the Studio and its obligations under the Franchise Agreement. ~~Franchisee may not change the~~Franchisor must approve any new or replacement General Manager~~ of the Studio without Franchisor's prior approval~~.

At all times, Franchisee will keep Franchisor advised of the identity of the General Manager. The General Manager need not have any equity interest in the ~~franchise~~Studio and/or Franchisee. Franchisee will disclose to the General Manager only the information needed to operate the ~~group fitness studio~~Studio and the General Manager will be advised that any confidential information is considered Franchisor's trade secret.

6.3.10 ~~6.3.8.~~At all times, Franchisee shall maintain two ~~teachers~~Senior Teachers on staff that have satisfactorily completed~~, to Franchisor's satisfaction,~~ the Senior Teacher Training.

6.3.11 ~~6.3.9.~~Franchisee shall allow access to the Studio by members of other TruFusion ~~group fitness studios~~Studios in accordance with reciprocity provisions included in their membership agreements in the manner and as detailed in the Confidential Operations Manual.

6.3.12 ~~6.3.10.~~Franchisee shall comply with Franchisor's reciprocity policy (as specified in the Confidential Operations Manual) for members. Franchisor reserves the right to modify its reciprocity policy in its sole discretion.

6.3.13 ~~6.3.11.~~Franchisee shall only sell memberships on terms and conditions Franchisor specifies in the Confidential Operations Manual~~, using~~. Franchisee may be required to use Franchisor's membership forms~~ (if required) and~~, which ~~membership agreements~~ may contain reciprocity of use provisions for other TruFusion ~~group fitness studios~~Studios.

6.3.14 ~~6.3.12.~~Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Studio and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Studio at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.15 ~~6.3.13.~~Franchisee shall fully participate in all ~~required~~ national buying or vendor programs that Franchisor requires.

6.3.16 ~~6.3.14.~~Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier. Franchisee acknowledges and agrees that Franchisor may require any supplier to sign a Confidentiality Agreement, the current form of which is provided as Exhibit 6.

6.4. **Applicable Laws**. Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Studio. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy.

6.5. **Trade Secrets and Confidential Information**. The TruFusion System is unique and the Confidential Operations Manual, Franchisor~~'~~'s trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information") are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ~~("Confidential Information")~~. Franchisee agrees to maintain a list of the names, addresses and contact information of all members of the Studio. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the member list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor~~'s trade secrets consist of, without limitation,~~'s Confidential Information also includes, but is not limited to: (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other TruFusion ~~group fitness studios~~Studios; (5) the Confidential Operations Manual; (6) training materials and programs; (7) proprietary software; (8) member lists and member data; and (9) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain (including the email addresses of TruFusion franchisees). Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. ~~An example~~Examples of a written ~~agreement~~agreements currently considered satisfactory for employees ~~is~~and suppliers are the form Confidentiality ~~Agreement~~Agreements attached as Exhibit ~~5.~~5 and Exhibit 6. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual and shall forward a copy to Franchisor to ensure compliance. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor~~'~~’s ownership of or right, title or interest in Franchisor~~'~~’s trade secrets, methods or procedures or contest Franchisor~~'~~’s right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from members of the Studio or through marketing is deemed to be owned exclusively by Franchisor and/or its affiliates. Franchisee must install and maintain security measures and devices necessary to protect the member data from unauthorized access or disclosure, and ~~you~~Franchisee may not sell or disclose to anyone else any personal or aggregated information concerning any members. Franchisee has the right to use the member data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the member data to the new owner as part of the going concern value of the business.

6.6. **Proprietary Marks**.

6.6.1 ~~6.6.1.~~**Ownership**. Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee~~'~~’s license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee~~'~~’s use of the Proprietary Marks shall inure to the benefit of Franchisor and its affiliates and Licensor, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its affiliates or Licensor in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor~~'~~’s, its affiliates~~'~~’ and Licensor's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee~~'~~’s activities, inures directly and exclusively to the benefit of Franchisor, its affiliates and Licensor. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor, its affiliates and Licensor or any other franchisee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2 ~~6.6.2.~~**Protection**. Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys~~'~~’ fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee~~'~~’s use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

6.6.3 ~~6.6.3.~~**Advertising**. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4 ~~6.6.4.~~**Franchisee~~'~~’s Name**. Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials ~~"~~“D/B/A~~"~~” and the business name of TruFusion. Franchisee shall register at the office of the county in which the Studio is located or such other public office as provided for by the laws of the state in which the Studio is located as doing business under such assumed business name.

6.6.5 ~~6.6.5.~~**Independent Status**. All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee~~'~~’s corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Studio as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Studio, a statement that clearly indicates that the Studio is independently owned and operated by Franchisee.

6.6.6 ~~6.6.6.~~**Authorized and Unauthorized Use**. At Franchisor~~'~~’s direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol ~~"~~“SM,~~" "~~” “TM~~"~~” or ~~"®"~~“®”, as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7 ~~6.6.7.~~**Franchisor~~'~~’s Use of Marks**. Franchisor, its affiliates and Licensor may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks

alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8 ~~6.6.8.~~**Electronic Mail and Domain Names**. Franchise shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the TruFusion System or Franchisor as part of any e-mail address, homepage, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection**. During normal business hours and without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Studio, inspect Franchisee~~'~~’s records, interview Franchisee~~'~~’s employees and members, and observe the manner in which Franchisee operates the Studio. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Studio and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Studio. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Studio and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes.

6.8. **Changes to the System**. Franchisor may, from time to time, change the standards and specifications applicable to operation of ~~**the Franchise**~~TruFusion Studios, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee shall implement any new service or commence offering and selling any new product within 15 days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the TruFusion System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks; provided, however, that any such change shall not materially alter

Franchisee~~'~~’s fundamental rights under this Agreement.

6.9. **Authorized Products, Services, Supplies, and Equipment**.

6.9.1 ~~6.9.1.~~Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee~~'~~’s and other franchisees~~' group fitness studios~~’ TruFusion Studios. Franchisee shall have no right to offer any products to its members or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments, whether they are of Franchisee~~'~~’s original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement ,

Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2 ~~6.9.2.~~Franchisee shall use in the operation of the Studio only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3 ~~6.9.3.~~Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Studio. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee~~'~~’s business.

6.9.4 ~~6.9.4.~~Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Studio. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new TruFusion franchises at the time of replacement.

6.9.5 ~~6.9.5.~~Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the TruFusion System. Franchisee shall acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Studio and all additions, substitutions and upgrades Franchisor shall specify. Franchisee’s computer system must be able to send and receive email and attachments on the Internet and provide access to the World

Wide Web and otherwise support Franchisor’s then-current information technology system. Franchisee must use any TruFusion supplied e-mail address in all business communications with clients, vendors or suppliers. Franchisor owns all TruFusion e-mail addresses and has full access to all communications sent and received using those addresses. Franchisor shall have the right to access information through the Point of Sale system related to operation of the Studio, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party or the System.

6.9.6 ~~6.9.6.~~Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee~~'~~’s members are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor~~'~~’s standards and specifications as provided in Section 6.2 and from approved suppliers designated by Franchisor. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.9.7 ~~6.9.7.~~Subject to Franchisor’s prior written approval, Franchisee may outsource certain ancillary services, via renting space within the Studio, to third parties for services, including, but not limited to, child care, nutritional counseling and tanning.

6.9.8 ~~6.9.8.~~Franchisee shall not offer any ancillary services, including, but not limited to, childcare, nutritional counseling or tanning services without the prior written consent of Franchisor.

6.10. **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five ~~(5)~~ (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Studio.

7. ACKNOWLEDGMENTS OF FRANCHISEE.

7.1. **Independent Contractor Status**. Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Studio, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

None of Franchisee’s employees or other personnel will be considered to be Franchisor’s employees or personnel. Neither Franchisee nor any of its employees or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor’s employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee’s employees or personnel. Franchisee expressly agrees, and will never contend otherwise, that Franchisor’s authority under this Agreement to certify certain of Franchisee’s employees or personnel for qualification to perform certain functions for the Studio does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Studio and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the TruFusion System which Franchisee is required to comply with under this Agreement, whether set forth in the Confidential Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Studio, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising its control of the day-to-day operations of the Studio.

7.2. **Indemnification**. Franchisee shall defend, indemnify and hold Franchisor and its affiliates, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys'' fees) arising in whole or in part from Franchisee''s ownership, operation or occupation of the Studio, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Studio, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation, and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall advance or reimburse Franchisor's costs. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts**. Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Studio; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Studio.

7.4. **Corporation, Limited Liability Company or Partnership**. If Franchisee is a corporation, limited liability company, general or limited partnership, or other form of business entity, then Franchisee agrees and represents that:

7.4.1 Franchisee will have the authority to execute, deliver, and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation;

7.4.2 Franchisee’s organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to this Agreement’s restrictions;

7.4.3 Exhibit 2 to this Agreement completely and accurately describes all of Franchisee's owners and their interests in Franchisee as of the Effective Date;

7.4.4 Each of Franchisee’s owners will execute a guaranty in the form attached to this Agreement as Exhibit 3 undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisor and Franchisee (the "Guaranty"). Subject to the parties’ obligations under Section 8, Franchisee and its owners agree to promptly sign and deliver to Franchisor revisions to Exhibit 2 to reflect any permitted changes in the information that Exhibit 2 now contains; and

7.4.5 The Studio operated hereunder and other TruFusion Studios, if applicable, will be the only businesses Franchisee operates (although its owners may have other, non-competitive business interests).

7.5. ~~7.4.~~**Noncompetition**.

7.5.1 ~~7.4.1.~~**During the Term of This Agreement**. During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers group fitness classes ~~and/or similar products and services as a TruFusion group fitness studio~~for yoga, pilates, suspension training, barre, cycle, aerial yoga, kettlebell, battle-ropes, boxing and boot-camp classes, yoga teacher training programs, nutritional works shops, or other related programs and activities (a “Competing Business”); provided, however, that this Section shall not apply to Franchisee~~'~~’s operation of any other TruFusion ~~group fitness studio~~Studio.

7.5.2 ~~7.4.2.~~**After the Term of This Agreement**. For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within a radius of 15 miles ~~(~~(or the maximum area allowed by law if smaller) of the Studio, or any other TruFusion ~~group fitness studio~~Studio in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for ~~an~~a TruFusion ~~group fitness studio~~Studio, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other TruFusion ~~group fitness studio~~Studio for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation, solicit business from members of Franchisee~~'~~’s former TruFusion ~~group fitness studio~~Studio for any ~~competitive business purpose nor solicit any employee of Franchisor or any other TruFusion System franchisee to discontinue his employment with Franchisor or any other System franchisee~~purpose related to a Competing Business.

For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any ~~business competing in whole or in part with Franchisor~~Competing Business.

7.5.3 ~~7.4.3.~~**Intent and Enforcement**. It is the intent of the parties that the provisions of this Section ~~7.4~~7.5 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section ~~7.4~~7.5 by Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section ~~7.4,~~7.5, Franchisor~~'~~’s harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section ~~7.4.2~~7.5.2 that each has previously worked or been gainfully employed in other fields and that the provisions of Section ~~7.4.2~~7.5.2 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section ~~7.4.2~~7.5.2 shall be tolled during any default of this Agreement. Franchisee’s spouse (or if Franchisee is an entity, the ~~Spouses~~spouses of its owners) must sign a ~~Guaranty~~guaranty whereby they ~~agreeing~~agree, among other things, to abide by the above covenants.

7.5.4 ~~7.4.4.~~**Publicly-Owned Entity**. This Section ~~7.4~~7.5 shall not apply to any ownership by Franchisee or any other person subject to Section ~~7.4~~7.5 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

7.5.5 ~~7.4.5.~~**Non-Disparagement**. During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the TruFusion System.

7.6. ~~7.5.~~**Telephone**. Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the TruFusion name and not under Franchisee~~'~~’s corporate, partnership, or individual name, to be used exclusively in connection with Franchisee~~'~~’s operation of the Studio. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Studio shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual.

7.7. ~~7.6.~~**Insurance**. At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. If the lease for the Franchised Business requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee’s breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor’s rating of at least “A-~~“~~” or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that ~~you~~Franchisee obtain coverage from a carrier it designates. Franchisor~~'~~’s acceptance of an insurance carrier does not constitute Franchisor~~'~~’s representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days~~'~~’ prior written notice from the insurance carrier to Franchisor. Upon Franchisor~~'~~’s request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section ~~7.6.~~7.7. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus an administrative fee in connection with obtaining the insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee’s obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee’s obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either Franchisee or Franchisee’s third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker’s Compensation and Employer’s Liability insurance in the amounts listed in the Confidential Operations Manual as well as Builder’s Risk insurance in an amount approved by Franchisor.

7.8. ~~7.7.~~**Publicity**. Franchisee shall permit Franchisor or its designee, at Franchisor~~'~~’s expense, to enter upon the premises of the Studio, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images (~~"~~“pictures~~"~~”) of the Studio.

Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a "franchises available" sign at a location Franchisor designates at the Franchised Business.

7.9. ~~7.8.~~~~**Distribution. Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.**~~**Delegation of Performance**. Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

7.10. ~~7.9.~~**Image**. The TruFusion System has been developed to deliver products and services which distinguish ~~the~~ TruFusion ~~group fitness studio~~Studios from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Studio in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the TruFusion System. Each aspect of the TruFusion System is important not only to Franchisee but also Franchisor, its affiliates, and other TruFusion franchisees in order to

maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by TruFusion System franchisees, Franchisor and its affiliates. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a TruFusion ~~group fitness studio.~~Studio

8. SALE OR TRANSFER

8.1. **Consent to Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the Franchised Business without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

8.2. **Death or Disability**. In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee~~'~~’s executor, heir or legal representative shall have 180 days from the date of death, disability or incapacity to execute Franchisor~~'~~’s then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee~~'~~’s term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. **Ownership Changes**. A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of 20% or more of the voting stock or membership interests of Franchisee, any increase in the number of outstanding shares of voting stock or membership interests of Franchisee which results in a change of ownership of 20% or more of its total voting stock or membership interests, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor~~'~~’s right of first refusal under Section ~~**8.3.1.**~~8.5.

~~**8.3.1.Right of First Refusal. If Franchisee or its equity owners propose to transfer or assign 20% or more of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners’ offered interest. Franchisee or its equity owner shall deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 45 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its**~~

~~equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 45 day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.~~

8.3.1 ~~8.3.2.~~**Conditions for Approval**. Franchisor may condition its approval of any proposed sale or transfer of the Franchised Business or of Franchisee~~'~~'s interest in this Agreement or of the interest in Franchisee upon satisfaction of the following requirements:

8.3.1.1 ~~8.3.2.1.~~All of Franchisee~~'~~'s accrued monetary obligations to Franchisor, its affiliates and any supplier for the Studio have been satisfied;

8.3.1.2 ~~8.3.2.2.~~All existing defaults under the Franchise Agreement have been cured within the period permitted for cure;

8.3.1.3 ~~8.3.2.3.~~Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release ~~under seal,~~ in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.1.4 ~~8.3.2.4.~~Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee~~'~~'s assumption of ~~and~~an agreement to discharge all of Franchisee~~'~~'s obligations under this Agreement;

8.3.1.5 Franchisor has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Studio;

8.3.1.6 ~~8.3.2.5.~~The transferee has demonstrated to Franchisor~~'~~'s satisfaction that it meets Franchisor~~'~~'s educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any TruFusion ~~group fitness studio~~Studio, except that the transferee may be an existing franchisee of Franchisor;

8.3.1.7 the transferee shall (if the transfer is of this Agreement), or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or one of its owners), sign Franchisor’s then current form of franchise agreement and related documents (including, without limitation, Franchisor’s then current form of Nondisclosure and Non-Competition Agreement and Franchisor’s then current form of Guaranty, if applicable), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, provided, however, that the execution of the new franchise agreement will terminate this Agreement (except for Franchisee’s guarantees, the post-termination obligations under this ~~8.3.2.6.The transferee has executed Franchisor's then-current Franchise Agreement for the remainder of~~Agreement, and all other rights and obligations that survive termination or expiration of this Agreement), and the term of the ~~current~~new franchise agreement signed will expire on the expiration of this Agreement, unless Franchisor and the transferee otherwise agree in writing;

8.3.1.8 ~~8.3.2.7.~~Franchisee has complied, to Franchisor’s satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Studio as required by this Agreement to conform to Franchisor’s then- current standards and trade dress;

8.3.1.9 ~~8.3.2.8.~~Franchisee or transferee has paid Franchisor a transfer fee equal to the greater of (i) 50% of Franchisor’s then-current initial franchise fee or (ii) $32,500;

8.3.1.10 ~~8.3.2.9.~~The transferee and its general manager shall complete Franchisor~~'~~’s training program to Franchisor~~'~~’s satisfaction at the transferee~~'~~’s own expense within the time frame set forth by Franchisor; and

8.3.1.11 ~~8.3.2.10.~~Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non- competition provisions, shall survive the transfer of the Franchise

8.3.1.12 Franchisee’s lessor consents in writing to the transfer of the lease or sublease of the Approved Location to the transferee (or, if Franchisor is subleasing the Approved Location to Franchisee under a sublease, the master lessor consents in writing to the transfer of the sublease to the transferee and the transferee agrees in writing to assume Franchisee's obligations under the sublease).

8.3.1.13 if transferee or its owners finance any part of the purchase price, Franchisee and/or its owners agree that all of transferee’s obligations under promissory notes, agreements, or security interests reserved in the Studio are subordinate to the transferee’s obligation to pay royalties, Fund contributions, and other amounts due to Franchisor, its affiliates, and third party vendors and otherwise to comply with this Agreement

Franchisor may review all information regarding the Studio that Franchisee gives the transferee, correct any information that Franchisor believes is inaccurate, and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Studio. In addition, Franchisee agrees to reimburse Franchisor, upon Franchisor’s demand at any time before or after the intended effective date of the proposed transfer, for any costs Franchisor incurs in connection with any proposed transfer that is subject to the immediately preceding conditions, regardless of whether the proposed transfer actually transpires.

8.4. **Transfer to a Corporation or Limited Liability Company**. If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1 ~~8.4.1.~~The corporation or limited liability corporation is newly organized and its activities are confined to operating the Franchised Business;

8.4.2 ~~8.4.2.~~Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

8.4.3 ~~8.4.3.~~The corporation or limited liability company agrees in writing to assume all of Franchisee~~'~~’s obligations under this Agreement;

8.4.4 ~~8.4.4.~~All stockholders of the corporation, or members and managers of the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all non-competition covenants set forth in Section ~~7.4~~7.5;

8.4.5 ~~8.4.5.~~Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6 ~~8.4.6.~~Franchisee shall promptly provide Franchisor a copy of, as applicable: ~~(i)~~ (i) the transferee corporation~~'~~’s Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or ~~(ii)~~ (ii) the limited liability company~~'~~’s certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisee shall pay Franchisor~~'~~’s expenses in connection with a transfer under this Section 8.4 if Franchisee has not completed the transfer, including complying with this Section 8, as applicable, within 60 days following the execution of this Agreement but in no event later than the opening of the Studio.

8.5. **Right of First Refusal**. If Franchisee (or any of its owners) at any time determine to sell or transfer an interest in this Agreement and the Studio, or an ownership interest in

Franchisee (except to or among Franchisee's current owners, which is not subject to this Section 8.5), in a transaction that otherwise would be allowed under this Section 8, Franchisee (or its owners) agree to obtain from a responsible and fully disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Studio. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under this Section 8. Franchisor may require Franchisee (or its owners) to send Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Franchisor may, by written notice delivered to Franchisee or its selling owner(s) within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information Franchisor requests, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) Franchisor may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) Franchisor's credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or its designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) Franchisor will have an additional thirty (30) days to prepare for closing after notifying Franchisee of Franchisor's election to purchase; and

(4) Franchisor must receive, and Franchisee and its owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If Franchisor exercises its right of first refusal, Franchisor and its selling owner(s) agree that, for two (2) years beginning on the closing date, Franchisee and its selling owner(s) will be bound by the non-competition and non-solicitation covenants contained in this Agreement. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 8.5.

If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approve the transfer in accordance with, and Franchisee (and its owners) and the transferee comply with the conditions in, this Section 8. This means that, even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under this Section 8, Franchisee (or its owners) may not move forward with the transfer at all.

If Franchisee does not complete the sale to the proposed buyer within sixty (60) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or its designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor or Franchisor's designee's option.

8.6. ~~8.5.~~**Secured Interests and Securities**.

8.6.1 ~~8.5.1.~~Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.6.2 ~~8.5.2.~~If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Franchisor and the corporation dated ___, 20_. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.7. ~~8.6.**Transfer by Franchisor. Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise**~~**Transfer by Franchisor**. Franchisee acknowledges that Franchisor maintains a staff to manage and operate the TruFusion System and that staff members can change as employees come and go. Franchisee represents that it has not signed this Agreement in reliance on any particular shareholder, director, officer, member or employee remaining with Franchisor in that capacity. Franchisor may change Franchisor's ownership or form and/or assign this Agreement or any interest therein and any other agreement to a third party without restriction or notice to Franchisee. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

8.8. **Effect of Consent to Transfer**. Franchisor's consent to a transfer of this Agreement and the Studio, or any interest in Franchisee or its owners, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the Studio's or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or its owners) or of Franchisor's right to demand the transferee's full compliance with this Agreement.

9. BREACH AND TERMINATION

9.1. **Termination by Franchisee**. Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee’s failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee’s right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee’s termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2. **Termination by Franchisor**. Franchisor may terminate this Agreement under the following circumstances:

9.2.1 ~~9.2.1.~~**With Cause and With Opportunity to Cure**. If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

(a) 7 days if the failure relates to the use of the Proprietary Marks;

(b) ~~7~~3 days if the failure relates to a threat or danger to the public health or safety or any violation of health or safety law occurs at the Studio;

(c) 15 days if the failure relates to Franchisee’s failure to make any payment of money to Franchisor or its affiliate; and

(d) 30 days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee~~'~~’s alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

922 ~~9.2.2.~~ **With Cause and Without Opportunity to Cure**. Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(a) **Criminal Acts**. If Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business or goodwill of the Proprietary Marks;

(b) **Fraud**. If Franchisee commits fraud in the operation of the Franchised Business;

(c) **Misrepresentation**. If Franchisee misrepresents itself in any way (including through omission of information) in connection with the franchise application~~.~~ or this Agreement;

(d) **Voluntary Bankruptcy**. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business~~.~~;

(e) **Involuntary Bankruptcy**. If proceedings are commenced to have Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee~~'~~'s consent, and the appointment is not vacated within 60 days~~.~~;

(f) **Liens**. If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days~~.~~;

(g) **Insolvency**. If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent~~.~~;

(h) **Repeated Breaches**. If Franchisor sends Franchisee 3 or more written notices to cure pursuant to Section 9.2.1 in any 12 -month period~~.~~;

(i) **Breach of Other Agreements**. If Franchisee or any partner, director, officer, shareholder or member of Franchisee materially breaches any other agreement with Franchisor or any of its affiliates, or any lease for the ~~premises of the Studio~~Approved Location, and does not cure the breach within any permitted period for cure; provided, however, this Section 9.2.2(i) shall not apply to the breach of a separate franchise agreement between Franchisee and Franchisor with respect to another TruFusion ~~group fitness studio.~~Studio;

(j) **Intentional Underreporting or Misstatement**. ~~If Franchisee intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues~~

~~required to be reported under this Agreement.~~Franchisee understates the Studio's Gross Revenues three (3) times or more during the term of this Agreement or by more than five percent (5%) on any one occasion;

(k) **Abandonment**. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term ~~"~~“abandon~~"~~” means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Studio as a TruFusion ~~group fitness studio~~Studio for a period of ~~10~~5 or more consecutive days without the prior written approval of Franchisor~~.~~;

(l) **Failure to Open ~~Group fitness studio~~the Studio**. If Franchisee fails to open the Studio during the time periods set forth in this Agreement~~.~~;

(m) **Failure to Secure an Approved Location**. If Franchisee fails to secure an Approved Location in the Designated Area during the time periods set forth in this Agreement;

(n) ~~(m)~~**Restrictive Covenants**. Upon any violation of any covenants set forth in Section ~~7.4~~7.5 of this Agreement~~.~~;

(o) ~~(n)~~**Confidential Information**. If Franchisee uses the Confidential Information in an unauthorized manner;

(p) ~~(o)~~**Insurance**. If Franchisee fails to maintain required insurance coverage;

(q) ~~(p)~~**Unauthorized Transfer**. If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement~~.~~;

(r) **Failure to Complete Training**. If Franchisee (or its Operating Principal), its General Manager or its Senior Teachers fail to satisfactorily complete the required initial training programs;

(s) **Unethical Conduct**. If Franchisee (or any of its owners) engage in any dishonest or unethical conduct which in Franchisor’s opinion, adversely affects the Studio's reputation or the goodwill associated with the Proprietary Marks;

(t) **Loss of Premises**. Franchisee loses the right to occupy the Approved Location and fails (a) to begin immediately to look for a substitute site or (b) to locate a substitute site, and to begin operating the Studio from that substitute site;

(u) **Obstruction of Inspection**. Franchisee interferes with Franchisor’s right to inspect the Studio, or observe or videotape its operation;

(v) **Failure to Pay Taxes**. Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the Studio’s operation, unless Franchisee is in good faith contesting Franchisee’s liability for these taxes; or

~~Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.~~

(w) **Assets Seizure**. Franchisee or any of its owners’ assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation.

9.3. **Nonwaiver**. Franchisor’s delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor’s acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor’s consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor’s rights or remedies against Franchisee.

9.4. **Alternate Remedies Upon Default**. In addition to, and without limiting, Franchisor’s other rights and remedies under this Agreement, any other agreement or applicable law, upon the occurrence of any event giving rise to Franchisor’s right to terminate this Agreement under the preceding Section 9.2, Franchisor may instead elect, at its sole option and upon delivering providing Franchisee written notice, to take any or all of the following actions without terminating this Agreement:

9.4.1 **Reduced Territory**. Temporarily or permanently reduce the size of the Territory, in which case the restrictions on Franchisor or its affiliates under Section 1 above will not apply in any geographic area removed from the preceding territorial boundaries;

9.4.2 **Removal from Website**. Temporarily remove information concerning the Studio from any Website or extranet operated for the network of TruFusion Studios, and/or restrict Franchisee’s or the Studio’s participation in other programs or benefits offered on or through any such Website or extranet;

9.4.3 **Audit**. Require Franchisee to engage a third party accounting firm Franchisor approves to conform to the bookkeeping, accounting, reporting and recordkeeping system requirements and formats Franchisor prescribes;

9.4.4 **Non-Compliance Fee**. Require Franchisee to pay Franchisee One Thousand Dollars ($1,000) for each day the condition giving rise to Franchisor’s right to terminate continues to exist to help offset Franchisor increased administrative expenses associated with Franchisee failure to comply with the terms of this Agreement;

9.4.5 **Suspend Marketing Benefits**. Suspend Franchisee’s and the Studio’s right to participate in any advertising, marketing, promotional, or public relations programs that Franchisor or the Fund provide, authorize, or administer; or

9.4.6 **Management of the Studio**. Assume, or appoint a third party to assume, management of the Studio in the manner provided in Section 4.17 above.

9.5. **Failure to Cure May be Deemed Termination by Franchisee**. Franchisee’s failure to timely cure any breach by Franchisee of this Agreement about which Franchisor has provided Franchisee notice (and opportunity to cure, if applicable) pursuant to Subsection 9.2 above, including but not limited to Franchisee's failure to pay overdue royalties, Fund contributions, or any other amounts due and owing to Franchisor or its affiliates under this Agreement, may be irrevocably deemed a unilateral rejection and termination by Franchisee of this Agreement and all related agreements between Franchisee and Franchisor or its affiliates, even if Franchisor ultimately issues a formal notice of such termination, and Franchisee shall never contend or complain otherwise.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee~~'~~'s Obligations**. Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1 ~~10.1.1.Cease immediately~~Immediately cease all operations under this Agreement~~;~~.

10.1.2 ~~10.1.2.Pay immediately to Franchisor all unpaid fees and pay~~Immediately upon termination or expiration of this Agreement, and on any later date that Franchisor determines, the amounts due to Franchisor, its affiliates or Franchisee's suppliers, including all royalties, Fund contributions, interest, and ~~any supplier for the Studio~~ all other ~~monies~~amounts owed ~~them;~~to Franchisor which then are unpaid.

10.1.3 If this Agreement is terminated before the term of the Agreement expires pursuant to Sections 9.2, 9.4 and 9.5 above, then Franchisee acknowledges and confirms that Franchisor will suffer and incur substantial damages because this Agreement did not continue for the term's full length. Accordingly, Franchisee agrees to pay Franchisor for all damages, costs, expenses, attorneys' and experts' fees directly or indirectly related thereto, including, without limitation, lost royalties, lost Fund contributions, lost profits, loss of goodwill and damage to the Proprietary Marks and reputation, lost opportunities, travel and personnel costs, expenses that Franchisor may incur in developing or finding another franchisee to develop a TruFusion Studio in the Territory, and any other lost payments or benefits Franchisor would have received for the balance of this Agreement's term after the effective date of termination (collectively, "Brand Damages"). Franchisee further acknowledges and agrees that its obligation to pay Brand Damages resulting from early termination shall be in addition to (not in lieu of) Franchisee's post-termination obligations to pay other amounts due as of the date of termination (as contemplated under the preceding Subsection above) and to otherwise comply with the entirety of Section 10 hereof, and that the Brand Damages shall not be deemed a penalty for early termination but instead reasonable compensation to Franchisor for Franchisee's failure to perform under this Agreement during the remainder of the term of this Agreement.

10.1.4 The foregoing payment obligations arising under Sections 10.1.2 and 10.1.3 above will give rise to, and remain until paid in full, a lien in Franchisor's favor: (i) against any and all assets, property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee or the TruFusion Studio at the time of termination or expiration; and (ii) against any payment obligation Franchisee may allege Franchisor has to you, any of your money Franchisor is holding, or any other amounts of Franchisee's which is otherwise in Franchisor's possession on or after the effective date of termination or expiration. Franchisor's rights and Franchisee's obligations under this Section 10 shall survive termination or expiration of this Agreement until they are satisfied or later expire by their terms.

10.1.5 Immediately discontinue the use of the Proprietary Marks, including by taking the following actions:

10.1.5.1 Franchisee may not directly or indirectly at any time or in any manner (except with other TruFusion Studio Franchisee owners and operators) identify itself or any business as a current or former TruFusion Studio or as one of our current or former franchise owners; use any Proprietary Mark, any colorable imitation of a Proprietary Mark, or other indicia of a TruFusion Studio in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with Franchisor;

10.1.5.2 Franchisee agrees to discontinue the use of any Website and social media used in connection with the Studio or otherwise referring to the Proprietary Marks or TruFusion Studios;

10.1.5.3 Deliver to Franchisor within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Proprietary Mark or otherwise identifying or relating to a TruFusion Studio that we request and allow Franchisor, without liability to Franchisee or third parties for trespass or any other claim, to enter the Approved Location and remove these items from the TruFusion Studio;

10.1.5.4 If Franchisor does not have or does not exercise an option to purchase the Studio pursuant to Section 10.3, Franchisee agrees promptly and at its own expense to make the alterations Franchisor specifies in Franchisor's Confidential Operations Manual (or otherwise) to distinguish the Studio clearly from its former appearance and from other TruFusion Studios in order to prevent public confusion; and

~~**10.1.3. Discontinue immediately the use of the Proprietary Marks;**~~

10.1.5.5 Franchisee agrees to give Franchisor, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to Franchisor of Franchisee's compliance with these obligations.

10.1.6 ~~10.1.4.~~ Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information~~;~~.

10.1.7 ~~10.1.5.~~ Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers~~;~~.

10.1.8 ~~10.1.6.~~ Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the TruFusion System~~;~~.

~~**10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (1) all**~~

~~inventory in useable form bearing the Proprietary Marks and (2) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;~~

10.1.9 ~~10.1.8.~~If Franchisor elects to assume Franchisee~~'~~'s lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a TruFusion ~~group fitness studio~~Studio and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion~~;~~.

10.1.10 ~~10.1.9.~~Cease to hold itself out as a franchisee of Franchisor~~;~~.

10.1.11 ~~10.1.10.~~Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement~~;~~.

10.1.12 ~~10.1.11.~~Permit Franchisor to make final inspection of Franchisee~~'~~'s financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer~~; and~~.

10.1.13 ~~10.1.12.~~Comply with the post-termination covenants set forth in Section ~~7.4,~~7.5, all of which shall survive the transfer, termination or expiration of this Agreement.

10.2. **Power of Attorney**. Franchisor is hereby irrevocably appointed as Franchisee~~'~~'s attorney-in-fact to execute in Franchisee~~'~~'s name and on Franchisee~~'~~'s behalf all documents necessary to discontinue Franchisee~~'~~'s use of the Proprietary Marks and the Confidential Information.

10.3. **Option to Purchase.** Upon either party's termination of this Agreement, or upon expiration of this Agreement without renewal, Franchisor shall have the right and option, but not the obligation, to purchase the equipment, furnishings, and accessories from the Studio at a purchase price equal to its then-current book value determined using the straight-line method of depreciation. If Franchisor elects to exercise this option, Franchisor will deliver written notice to Franchisee of Franchisor's election within thirty (30) days after the date of termination or expiration of this Agreement. Franchisor will have the right to inspect the equipment, furnishings, and accessories at any time during this thirty (30) day period. If Franchisor elects to purchase the equipment, furnishings, and accessories, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations relating to the equipment, furnishings, and accessories to be purchased, including, without limitation, representations and warranties as to the maintenance, function and condition of the equipment, furnishings, and accessories and Franchisee's good title to those items (including that Franchisee owns each item free and clear of any liens and encumbrances), the validity of contracts and agreements, and the liabilities affecting the equipment, furnishings, and accessories, contingent or otherwise. Franchisee and its owners further agree to execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees, agents, successors and assigns. Franchisee shall deliver the equipment to Franchisor within fifteen (15) days of receipt of Franchisor's written notice to Franchisee of its election to purchase.

Regardless of whether or not Franchisor exercises its right to purchase the equipment, furnishings, and accessories under this Section, Franchisor shall have the option, exercisable upon written notice to Franchisee within thirty (30) days after the date of termination or expiration of this Agreement, to repurchase some or all (at Franchisor's option) of the inventory, products and supplies then owned by Franchisee. Franchisor has the unrestricted right to assign this option to purchase. The purchase price of all inventory (in full, unopened case-loads) and products will be as agreed upon by the parties, provided that the purchase price shall not exceed the prices paid by Franchisee for such inventory and products (less any freight and insurance charges). All purchase prices are freight-on-board ("F.O.B.") our premises. Franchisor may set off against the purchase price any and all amounts Franchisee then owes to Franchisor, if applicable.

10.4. **Continuing Obligations**. All of Franchisor's and Franchisee's obligations (and Franchisee's owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

11. NOTICES

All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight courier, ~~telegram or~~ certified or registered mail ~~(except that the regular weekly Report or such other report designated by Franchisor may be sent by regular mail), prepaid~~or electronic mail, to the following addresses (which may be changed by written notice):

Franchisee: ______________________________
____
____
____

Franchisor: TruFusion Franchising, LLC
2240 Corporate Circle Suite 160 Henderson, NV 89074 [insert email]

Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. ~~Notices sent by regular mail shall be deemed delivered on the third business day following mailing.~~

12. INTERPRETATION

12.1. **Amendments**. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT

OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

12.2. **Choice of Law and Selection of Venue**. This Agreement shall be governed by the laws of the State of Nevada. Except as provided in Section 12.4 and 12.5 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the ~~Courts~~courts of the then-current ~~County~~county and ~~State~~state where Franchisor's corporate headquarters is located and Franchisee hereby irrevocably consents to the personal jurisdiction of same.

12.3. **Mediation**. Except for any action brought in accordance with Section 12.4 below, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its ~~Commercial Mediation Procedures~~commercial mediation procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted to mediation, the same shall take place before a sole mediator in the then-current ~~County~~county and ~~State~~state where Franchisor's corporate headquarters is located. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between ~~the Company~~Franchisor and Franchisee.

12.4. **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.5. **Arbitration**. Except as set forth in Section 12.4 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration in the then-current ~~County~~county and ~~State~~state where Franchisor's corporate headquarters is located in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Nevada for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, ~~the Company~~Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. ~~The Company~~Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither ~~the Company~~Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between ~~the Company~~Franchisor and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court or State Courts in the then-current ~~County~~county and ~~State~~state where Franchisor's corporate headquarters is located, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. ~~This~~

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the parties, and their respective shareholders, members, officers, directors, agents, and/or employees, and their (and/or their owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person. Notwithstanding the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 12. The agreement to arbitrate shall survive any termination or expiration of this Agreement.

12.6. **Construction of Language**. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee~~'~~'s ~~"~~"immediate family~~"~~" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of Franchisee~~'~~'s spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.7. **Successors**. References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.8. **Severability**. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor~~'~~'s other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.9. **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.10. **Force Majeure**. Neither Franchisor, its affiliates nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable.

12.11. **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.12. **PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.**

12.13. **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

12.14. **JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

12.15. **FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS, EXCEPT THAT FRANCHISOR WILL NOT ACT ARBITRARILY OR UNREASONABLY. HOWEVER, FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR**

FRANCHISEE OR GROUP OF FRANCHISEES.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION- MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE TRUFUSION SYSTEM.

13. REPRESENTATIONS

13.1. **NO AUTHORITY. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR, EXCEPT AN AUTHORIZED OFFICER OF FRANCHISOR, BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF FRANCHISOR WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER IT SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE~~'~~’S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE~~'~~’S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF FRANCHISOR. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE SHALL DO AS WELL AS ANY OTHER FRANCHISEE.**

FRANCHISEE SPECIFICALLY ACKNOWLEDGES THAT HE OR SHE HAS NOT RECEIVED OR RELIED ON (NOR HAS FRANCHISOR OR ANYONE ELSE PROVIDED) ANY STATEMENTS, PROMISES OR REPRESENTATIONS THAT FRANCHISEE WILL SUCCEED IN THE FRANCHISED BUSINESS; ACHIEVE ANY PARTICULAR SALES, INCOME OR OTHER LEVELS OF PERFORMANCE; EARN ANY PARTICULAR AMOUNT, INCLUDING ANY AMOUNT IN EXCESS OF ~~YOUR~~FRANCHISEE'S INITIAL FRANCHISE FEE OR OTHER PAYMENTS TO FRANCHISOR; OR RECEIVE ANY RIGHTS, GOODS, OR SERVICE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. ANY STATEMENTS REGARDING ACTUAL, POTENTIAL OR PROBABLE REVENUES OR PROFITS OF ANY FRANCHISED BUSINESS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNAUTHORIZED, UNWARRANTED AND UNRELIABLE, FRANCHISOR WILL NOT BE RESPONSIBLE FOR IT AND IT SHOULD BE REPORTED TO FRANCHISOR IMMEDIATELY.

13.2. **RECEIPT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'’S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'’S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.**

13.3. **OPPORTUNITY FOR REVIEW BY FRANCHISEE’S ADVISORS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN REVIEW OF THIS AGREEMENT AND FRANCHISOR'’S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'’S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO ITS EXECUTION.**

13.4. **EXECUTION OF AGREEMENT. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY.**

13.5. **ANTI-TERRORISM LAW COMPLIANCE. FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR’S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE’S, OR ITS EQUITY OWNER’S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. “ANTI-TERRORISM LAWS” MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION 13.7. FRANCHISOR MAY TERMINATE THIS AGREEMENT WITHOUT ANY OPPORTUNITY FOR FRANCHISEE TO CURE UNDER SECTION 9.2.1 UPON ANY MISREPRESENTATION OR BREACH BY FRANCHISEE OF THIS SECTION**

13.5.

14. PERSONAL GUARANTEES

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee~~'~~'s monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee~~'~~'s activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal ~~guaranty~~Guaranty in the form attached as Exhibit 3. Franchisor may also require that Franchisee's spouse (or if Franchisee is an entity, the spouses of its owners) sign the Guaranty.

15. OWNERSHIP OF FRANCHISEE

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: ~~(i)~~ (i) the transferee corporation~~'~~'s Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or ~~(ii)~~ (ii) the limited liability company~~'~~'s certificate of organization or formation, the ~~Operating Agreement~~operating agreement; and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using its entity name.

FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

____
(Individual, Partnership, Corporation or LLC Name)

By:___________________________________

Title:_________________________________

FRANCHISOR:

TRUFUSION FRANCHISING, LLC

By:___________________________________

Title:_________________________________

EXHIBIT 1

APPROVED LOCATION

The Approved Location for the Studio is as follows:

DESIGNATED AREA

The Designated Area for Approved Location is:

TERRITORY

Franchisee~~'~~'s Territory is as follows:

FRANCHISEE:

By:___________________________________

Title:___________________________________

FRANCHISOR:

TRUFUSION FRANCHISING, LLC

By:___________________________________

Title:___________________________________

EXHIBIT 2 ~~**TO TRUFUSION FRANCHISING, LLC FRANCHISE AGREEMENT**~~

~~**Statement of Ownership Interest**~~
STATEMENT OF OWNERSHIP INTEREST

Effective Date: This Exhibit is current and complete as of________, 20__

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

____

____

____

(b) **Corporation, Limited Liability Company, or Partnership**. (CIRCLE ONE) ~~You were~~Franchisee was incorporated or formed on______, under the laws of the State of _______________. ~~You have~~Franchisee has not conducted business under any name other than ~~your~~its corporate, limited liability company, or partnership name. The following is a list of ~~your~~Franchisee's directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	**Position(s) Held**
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

2. **Owners**. The following list includes the full name of each person who is one of ~~your~~Franchisee's owners (as defined in the Franchise Agreement), or an owner of one of ~~your~~Franchisee's owners, and fully describes the nature of each owner~~'~~'s interest (attach additional pages if necessary).

	Owner~~'~~'s Name	**Percentage/Description of Interest**
(a)	____________________	____________________
(b)	____________________	____________________
(c)	____________________	____________________
(d)	____________________	____________________

3. **Identification of Operating Principal**. ~~Your~~Franchisee's Operating Principal as of the Effective Date is __(must be one of the individuals listed in paragraph 2 above). ~~You~~Franchisee may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address:____

____

E-mail Address:____

[Signatures on following page.]

Franchisee

By:________________________________

DATED:______________

TRUFUSION FRANCHISING, LLC (FRANCHISOR)

By:________________________________

DATED:______________

EXHIBIT 3

PERSONAL GUARANTY

~~NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING. SPOUSES OF ALL SIGNATORIES MUST ALSO SIGN.~~

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of __________________, 20__

By (list each guarantor):

____

____

____

____.

~~The undersigned persons hereby represent to TruFusion Franchising, LLC ("Franchisor") that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, or a spouse of Franchisee or one of the aforementioned individuals, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise~~In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by TruFusion Franchising, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ______ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

~~Agreement between Franchisor and Franchisee, dated the ____~~
~~day of ________________, 20~~
~~(the~~

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may at any time and from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, Las Vegas, Nevada), and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

~~"Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.~~**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

~~**EACH GUARANTOR ACKNOWLEDGES TO TRUFUSION FRANCHISING, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**~~

~~**Dated:**~~ ____________________

Signatures Of Each Guarantor	~~**Print Name**~~	**Percentage Of Ownership In Franchisee**
______________________________		~~**Dated:**~~ _ %
______________________________		______________________ %
______________________________		______________________ %

Signatures Of Each Guarantor's Spouse

~~**Print Name**~~

____

____

____

EXHIBIT 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (~~"~~“Assignor~~"~~”) assigns and transfers to TruFusion Franchising, LLC, a Nevada limited liability company (~~"~~“Assignee~~"~~”), all of Assignor~~'~~’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit “A” (the ~~"~~“Lease~~"~~”) respecting premises commonly known as ____ ___. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor there under.

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

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of a TruFusion (the ~~"~~“Franchise Agreement~~"~~”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

Witness

____

ASSIGNOR:

~~Witness~~ (Individual, Partnership, Corporation or LLC Name)

By:______________________________

Title:______________________________

ASSIGNEE:

TRUFUSION FRANCHISING, LLC

By:______________________________

Title:______________________________

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

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

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

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

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

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED:

LESSOR:

____

ASSIGNEE:

TRUFUSION FRANCHISING, LLC

By:__________________________________

Title:________________________________

EXHIBIT 5

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
(For employees of the Franchisee)

~~1.~~Pursuant to a Franchise Agreement dated___________________, 20___(the "Franchise Agreement"), ____ (the "Franchisee") has acquired the right and franchise from TruFusion Franchising, LLC (the "Company") to establish and operate a TruFusion Studio (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and Accepted Location:_____________________________ (the "Accepted Location").

~~2.~~The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of TruFusion ~~group fitness studios~~Studios. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all client personal information that I obtain or have access to during my employment.

~~3.~~In consideration for my employment with the Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality and Non-Disclosure Agreement (the "Agreement").

~~4.~~Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

~~5.~~As an employee of the Franchisee, the Company and Franchisee may disclose the Confidential Information to me via training programs, the Company's Confidential Operations Manuals (the "Manuals"), access to client personal information and other general assistance during the term of my employment with the Franchisee.

~~6.~~I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business during the term of my employment with the Franchisee and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

~~7.~~Any work performed by me during my employment with the Franchisee and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered “works made for hire” and I will have no ownership interest in the items created.

~~8.~~The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties hereunder.

~~9.~~I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event, if any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

~~10.~~I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

~~11.~~The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

~~12.~~This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that the Franchisee is my employer and I have no employment relationship with the Company.

~~13.~~Subject to the rights of the Franchisee and the Company in Section 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association ("AAA"), unless otherwise required by law, for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. **It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law.** It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the State of employment. Any such arbitration will be conducted in the County and State of employment.

~~14.~~In the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the County and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

~~15.~~This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Dated:__________ Signature:______________________

Name: ______________________________

ACKNOWLEDGED BY FRANCHISEE

~~Signature:______________________________ Name:_____~~

By:______________________________

Name:______________________________

ACKNOWLEDGED BY COMPANY

By:______________________________

Name:______________________________

EXHIBIT 6

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
(For suppliers Franchisee)

Pursuant to a Franchise Agreement dated ____________________, 20___ (the "Franchise Agreement"), ____ (the "Franchisee") has acquired a franchise from TruFusion Franchising, LLC (the "Company") to establish and operate a TruFusion Studio (the "Franchised Business"), and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and Accepted Location: ______________________________ (the "Accepted Location").

The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of TruFusion Studios. The Company possesses certain proprietary and confidential information relating to the operation of the System, including its confidential operations manual, trade secrets, copyrighted materials, methods and other techniques and know-how (collectively the "Confidential Information"), which are the sole, exclusive and confidential property of the Company. The Company's Confidential Information also includes, but is not limited to: (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other TruFusion Studios; (5) training materials and programs; (6) proprietary software; (7) member lists and member data; and (8) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain.

~~**FORM OF RELEASE**~~
~~**(Current Form – Subject to Change)**~~

Franchisee has entered into an agreement with [__________] ("you"), under which you have agreed to provide certain services to Franchisee during its operation of the Franchised Business, including those services described on Exhibit A hereto (the "Services"). As a service provider to Franchisee, you may be disclosed with certain Confidential Information during the term of your engagement with the Franchisee for the limited purpose of performing the Services. In consideration of the covenants and agreements contained herein, your agreement with Franchisee to provide the Services, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, you hereby acknowledge and agree to the terms of this Confidentiality and Non-Disclosure Agreement (this "Agreement").

~~**THIS AGREEMENT ("Agreement") is made and entered into this _ day of ________________, 20 ("Effective Date") by and between TRUFUSION FRANCHISING, LLC, a Nevada limited liability company having its principal place of business located at 2240 Corporate Circle, Suite 160, Henderson, Nevada 89074 (the "Franchisor"),____, with an address of________________________________ ("Franchisee") and ____________________________________ ("Guarantors").**~~

Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

~~**WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated ______________________________(the "Franchise Agreement") which provides Franchisee with the right to operate a franchised business with a Territory consisting of ____(the "Franchised Business");**~~

You acknowledge that you will not acquire any interest in the Confidential Information, other than the right to utilize it in performing the Services for the Franchised Business. The use or duplication of the Confidential Information for any use outside the Services would constitute an unfair method of competition. You covenant that you will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless required in the performance of the agreed upon Services or otherwise expressly authorized to do so by the Company.

~~**Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:**~~

Any work you perform during your engagement with the Franchisee and any derivative works created by you using the Confidential Information or any proprietary information of the Company are considered "works made for hire" and you will have no ownership interest in the items created.

~~**1.The Franchise Agreement shall be deemed terminated as of the Effective Date of this Agreement, however, Franchisee and its Guarantors shall be bound by the post-term restrictions and covenants contained in the Franchise Agreement and attached schedules for the periods set forth therein.**~~

The Confidential Information is proprietary, involves trade secrets of the Company, and will be disclosed to you solely on the condition that you agree, and you do hereby agree, that you shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, you will disclose and/or use the Confidential Information only in connection with the Services, and will continue not to disclose or use any such information even after your engagement with Franchisee, unless you can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of your own duties or the duties hereunder.

~~2.Franchisee and its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, predecessors, successors and assigns and Guarantors, do each hereby release Franchisor, its parents, officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which Franchisee and its Guarantors had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement, it being the express intention of each party that this Release is as broad as permitted by law. Further, no claim released hereunder has been assigned to any individual or entity not a party to~~You agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement.~~3.In the event~~ If any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

~~4.The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.~~

~~5.This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder or not inconsistent herewith. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.~~

~~6.This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.~~

~~7.Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement, nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement~~

You understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without your consent, and you agree to comply forthwith with any covenant as so modified.

~~8.This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. Signature pages may be executed and delivered via facsimile or electronic transmission, and any such counterpart executed and delivered via facsimile or electronic transmission shall be deemed an original for all intents and purposes.~~

The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. You are aware that your violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, you acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing you from violating this Agreement, in addition to any other remedies available to them, and you agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against you. Due to the importance of this Agreement to the Franchisee and the Company, any claim you have against the Franchisee or the Company is a separate matter and does not entitle you to violate, or justify any violation of this Agreement.

You expressly acknowledge and agree that any and all claims, disputes or controversies that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association ("AAA"), unless otherwise required by law, for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. **It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law.** It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the State of Nevada. Any such arbitration will be conducted in Clark County, Nevada.

In ~~Witness Whereof, the parties by their undersigned representatives hereby execute this Release.~~

~~FRANCHISOR~~the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, you hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in Clark County, Nevada, and hereby agree to the personal jurisdiction and venue of such court.

~~By:________________________________~~

This Agreement will be binding upon and inure to the benefit of all parties including your heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. You understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. You may not assign any of your rights nor delegate any of your duties or obligations under this Agreement.

~~Title:~~

[Signatures appear on following page] Dated: ____________ [INSERT COMPANY]

Signature: ______________________________

Name: ______________________________

ACKNOWLEDGED BY FRANCHISEE

By: ______________________________

Name: ______________________________

~~Title~~

~~GUARANTORS~~

~~:~~

~~, individually~~

ACKNOWLEDGED BY COMPANY

~~, individually~~

By: ______________________________

Name: ______________________________

EXHIBIT 7

DISCLOSURE QUESTIONNAIRE

As **YOU** know, **YOU** and **TRUFUSION FRANCHISING, LLC**, **a Nevada limited liability company ("Franchisor")** are entering into a Franchise Agreement for the operation of a TruFusion ~~group fitness studio~~Studio. The purpose of this document is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain ~~(a)~~

(a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

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

Acknowledgments and Representations

1. Did you receive a copy of Franchisor's Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for **Michigan**; the earlier of 10 business days or the first personal meeting for **New York**; and the earlier of 14 calendar days or the first personal meeting for **Iowa**)? Check one: ☐ Yes ☐ No. If no, please comment:

   ____

2. Have you studied and reviewed carefully Franchisor's Franchise Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment:

   ____

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by ~~us~~Franchisor at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: ☐ Yes~~.~~ ☐ No. If no, please comment:

   ____

4. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment:

   ____

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

   ____

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

---

7. Do you understand that that the ~~Franchise~~franchise granted is for the right to develop one Franchised Business only in ~~your Protected Area~~the Territory, and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue ~~Franchises~~franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one: ~~☐~~ Yes ~~☐~~ No. If no, please comment:

---

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one: ~~☐~~ Yes ~~☐~~ No. If no, please comment:

---

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one ~~☐~~ :
Yes ~~☐~~ No. If no, please comment:

---

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

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

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

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

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

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents:____.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DOCUMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE FRANCHISEE A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: ______________________________________

Date: ______________________

Signed: ______________________________________

Date: ______________________

EXHIBIT 8

~~CONSENT TO TRANSFER~~

~~FORM OF TRANSFER AGREEMENT~~

~~This TRANSFER AGREEMENT (this "Agreement") is made and entered into as of the day of_____, 20 (the "Effective Date"), by and among TRUFUSION FRANCHISING, LLC, a Nevada limited liability company having its principal place of business located at 2240 Corporate Circle, Suite 160, Henderson NV 89074 ("Franchisor"),_____ ("Franchisee"), _______________________ Guarantors"), _______________________ (collectively "Franchisee (collectively "Transferee Guarantors) and _____________________________ ("Transferee").~~

~~WITNESSETH:~~

~~WHEREAS, a Franchise Agreement dated ________________ (the "Franchise Agreement") was executed by and between Franchisor on the one hand, and Franchisee, on the other, for the operation of a franchised business with a territory comprised of___________________________ (the "Franchised Business").~~

~~WHEREAS, Franchisee desires to transfer to Transferee substantially all of the assets of the Franchised Business, and Franchisee has requested~~

~~that Franchisor consent to the transfer thereof to Transferee. This Agreement is executed and delivered simultaneously with, and as a condition of the closing of the sale of the assets of the Franchised Business.~~

~~AGREEMENT:~~

~~NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:~~

~~1.Recitals Included in Agreement. The parties incorporate into this Agreement the recitals set forth above as if set forth in full.~~

~~2.Consent. Franchisor hereby consents to and waives any right of first refusal in connection with, the sale of the Franchised Business and the transfer by Franchisee to Transferee (the "Transaction"), subject to the terms of this Agreement.~~

~~Franchisor's consent and waiver to the Transaction is subject to and made in reliance upon the following terms, conditions, representations and warranties, failure to comply constituting a default and rendering the transaction void:~~

~~A.Franchisee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:~~

~~(1)Franchisee is the sole owner of and possesses good and marketable right, title and interest in and to the Franchise Agreement and the Franchised Business; and no other person or entity owns or has any right, title or interest in and to the franchise, the Franchise Agreement and/or the Franchised Business.~~

~~(2)Franchisee Guarantors are the sole owners of Franchisee, and no other person or entity has an equity or beneficial ownership interest in Franchisee.~~

~~(3)The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Franchisee, or any lease, contract, promissory note or agreement to which Franchisee is a party or is bound.~~

~~B.Transferee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Effective Date of this Agreement:~~

~~(1)Effective as of the Effective Date Transferee will be the sole owner of and possess good and marketable right, title and interest in and to the franchise relating to the Franchised Business, and substantially all of the assets of the Franchised Business; and no other person or entity will own or have any right, title or interest in and to the franchise, and/or the Franchised Business. Transferee will sign a new franchise agreement contemporaneously therewith. Transferee's ownership composition is set forth on Schedule 1, attached hereto~~

~~(2)The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferee, or any lease, contract, promissory note or agreement to which Transferee or Transferee's Guarantors are a party or are bound.~~

~~(3)Transferee has not received any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the Franchised Business from Franchisor or Franchisor's officers, directors, employees, agents or servants.~~

~~(4)Transferee relied solely and exclusively on Transferee's own independent investigation of the franchise system and of the Franchised Business and the historical financial records of the Franchised Business provided to Transferee by Franchisee; that based on the receipt of the actual historical performance of the Franchised Business it would not be reasonable to rely on the financial performance representation contained in Franchisor's Franchise Disclosure Document, or any other financial performance representation, pro forma or projection that differed or diverged, in whole or in part, from the Franchised Business' actual historical financial performance.~~

~~C.To the extent not already completed, Transferee and any required employees shall attend and complete, to the satisfaction of Franchisor, Franchisor's training program required of new franchisees, at the time directed by Franchisor.~~

~~D.Transferee represents, warrants, covenants and agrees that all information furnished or to be furnished to Franchisor by Transferee in connection with Transferee's request to receive a transfer is and will be, as of the date such information is furnished, true and correct in all material respects and will include all material facts necessary to make the information~~

~~not misleading in light of the circumstances.~~

~~E.Franchisee and Transferee represent, warrant and agree that, subject to Franchisor's consent, Franchisee will sell and transfer, and Transferee will acquire, the Franchised Business and that all legal actions necessary to effect the sale and transfer have been or will be accomplished prior to or at Closing.~~

~~F.Effective as of the day and time Transferee takes title of the Franchised Business ("Closing"), Transferee expressly agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee so that Transferee could operate the Franchised Business as of the Closing, but no sooner than the Closing. Only Franchisee will have the right to operate the Franchised Business until Closing, unless otherwise expressly agreed in writing.~~

~~G.Transferee agrees to sign a new franchise agreement, along with all ancillary documents, and pay a transfer fee of $__________.~~

~~3.No Security Interests in the Assets of Transferee. The parties acknowledge and agree that Franchisee is not permitted to retain a security interest in the assets of the Franchised Business or the franchise without Franchisor's prior consent.~~

~~4.Non-Participation. Franchisee, Franchisee's Guarantors, Transferee's Guarantors and Transferee jointly and severally, acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer. Franchisor assumes no obligations in that regard. Transferee acknowledges and agrees that the sale of the Franchised Business is for Franchisee's own account.~~

~~5.Insurance. Prior to Closing, Transferee must provide Franchisor with a Certificate of Insurance for the insurance coverages specified in the franchise agreement, which policy(ies) must name Franchisor and all related parties as an additional insured.~~

~~6.Changed Circumstances. All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions that might be attached to future consents or waivers of its right of first refusal.~~

~~**7.Singular Consent.** Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified in this Agreement. Such consent must be separately obtained.~~

~~**8.Validity.** If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Paragraph, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.~~

~~**9.Indemnification.** Franchisee and Franchisee's Guarantors, jointly and severally, agree to indemnify, defend and hold harmless Franchisor and its principals or affiliates from and against any claims, losses, liabilities, costs or damages incurred by them as a result of or in connection with the operation of the Franchised Business by Franchisee, or any other actions by Franchisee or any persons for whom or which Franchisee is legally responsible. Without limiting the generality of the foregoing, Franchisee and Franchisee's Guarantors, joined by Transferee, and Transferee's Guarantors agree to indemnify, defend and hold harmless Franchisor from and against any claims, losses, liabilities or damages arising out of the transfer to Transferee or any dispute between Franchisee and Transferee.~~

~~**10.Counterparts.** All parties acknowledge and agree that this Agreement may be executed in counterparts and at various times and at various places by the several parties hereto, all of which counterparts taken together shall be deemed as one original. Executed facsimile or electronic copies of this Agreement shall be deemed to be as effective as original signatures.~~

~~**11.Miscellaneous.** The parties hereto agree that this Agreement constitutes, upon the execution of this Agreement by all of the parties and after it has been accepted and executed by Franchisor, the complete understanding between the parties regarding the subject matter hereof, and no representation, agreement, warranties, or statement, oral or in writing, not contained herein, shall be of any force and effect against any party, except the Termination Agreement and Release executed by Franchisee and the Franchisee's Guarantors shall remain valid, and this Agreement shall not be modified, altered or amended except in writing signed by all parties. The waiver by any party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof. This Agreement will be binding upon the parties, and their respective heirs, executors, successors and assigns.~~

~~The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.~~

~~12.Agreement Survives Closing. All agreements, representations, warranties, terms and conditions set forth in this Agreement shall survive the execution and delivery of this Agreement, the Closing, and the consummation of the transactions provided for herein.~~

~~13.Review of Agreement and Representation. Franchisee, Franchisee's Guarantors, Transferee's Guarantors and Transferee each represent and acknowledge that he/she/it has received, read and understood this Agreement, including its exhibits; and that Franchisor has fully and adequately explained the provisions to each of their satisfaction; and that Franchisor has afforded each of them ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement.~~

~~I HAVE READ THE ABOVE AGREEMENT. I WOULD NOT SIGN THIS AGREEMENT, IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.~~

~~FRANCHISOR:~~
~~TRUFUSION FRANCHISING, LLC By:~~ ______________

~~FRANCHISEE:~~

~~By:~~ ______________________________

~~FRANCHISEE GUARANTORS:~~

~~By:~~ ______________________________

~~, individually~~

~~By:~~ ______________________________

~~, individually~~

~~TRANSFEREE GUARANTORS:~~

~~By:~~ ______________________________

~~, individually~~

~~By: ________________________________~~

~~, individually~~

~~TRANSFEREE:~~

~~By: ________________________________~~

~~SCHEDULE 1~~

~~FRANCHISEE IDENTIFICATION AND OWNERSHIP~~

~~Effective Date: This document is current and complete as of ____________, 20__~~

~~Franchisee Owners~~

~~1.Form of Owner. (Choose (a) or (b))~~

~~(a)Individual Proprietorship. List individual(s):~~

~~(b)Corporation, Limited Liability Company, or Partnership (circle one). You were incorporated or formed on____________under the laws of______________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:~~

~~Name of Each Director/Manager/Officer~~ ~~Position(s) Held~~

~~2.Principals. The following list includes the full name of each person or entity who is one of your Principals (as defined in the Franchise Agreement),~~

~~and fully describes the nature of each Principal's interest (attach additional pages if necessary).~~

~~Principal's Name~~	~~Percentage/Description of Interest~~
~~(a)~~ ______	______
~~(b)~~ ______	______
~~(c)~~ ______	______
~~(d)~~ ______	______

~~3.Identification of Operating Principal. Your Operating Principal as of the Effective Date is~~ ____~~(must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.~~

~~Address:~~ ____

~~E-mail Address:~~ ________________________

~~(FRANCHISEE)~~

~~By:~~ ______________________________
~~Name:~~
~~Title:~~

~~DATED:~~ ____________________

~~TRUFUSION FRANCHISING, LLC (FRANCHISOR)~~

~~By:~~ ______________________________
~~Name:~~
~~Title~~

~~DATED:~~ __________________

~~EXHIBIT 9~~

~~ASSIGNMENT AND ASSUMPTION AGREEMENT~~

~~(PARTNERSHIP, CORPORATION or LIMITED LIABILITY COMPANY)~~

~~**THIS ASSUMPTION AND ASSIGNMENT AGREEMENT (the "Agreement") is made and entered into on______________________, 20 (the "Effective Date") by and among TRUFUSION FRANCHISING, LLC, a Nevada limited liability company having its principal place of business located at 2240 Corporate Circle, Suite 160, Henderson NV 89074 ("Franchisor"),______________________("Assignee"), and ____________________ an individual with an address at __________________________("Assignor").**~~

~~BACKGROUND~~

~~**A.Assignor and Franchisor entered into a certain Franchise Agreement dated ______________________(the "Franchise Agreement") whereby Assignor was given the right and undertook the obligation to operate a franchised business (the "Franchised Business") at the following location________________.**~~

~~**B.Assignor has organized and incorporated Assignee for the convenience and sole purpose of owning and operating the Franchised Business.**~~

~~**C.Assignor desires to assign the rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement.**~~

~~**D.Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the Franchise Agreement.**~~

~~AGREEMENT~~

~~**In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:**~~

~~1.Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the Franchise Agreement, effective as of the date hereof.~~

~~2.Assignee hereby assumes all of Assignor's obligations, agreements, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee thereunder with the same force and effect as if the Franchise Agreement were originally written with Assignee as Franchisee.~~

~~3.Exhibit A to this Agreement lists all of Assignee's owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Franchisor a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.~~

~~4.The Assignor, as an owner of Assignee and in consideration of benefits received and to be received, shall sign and deliver to Franchisor a personal guaranty in the form attached as Exhibit B to this Agreement.~~

~~5.Assignor, for himself/herself and his/her agents, servants, employees, partners, members, heirs, predecessors, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement.~~

~~6.Assignee agrees that the Franchised Business which Assignee will operate under the Franchise Agreement will be the only business Assignee operates (although Assignor may have other, non-competitive business interests);~~

~~7.This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.~~

~~8.The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.~~

~~9.This Agreement shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.~~

~~10.If Franchisor retains the services of legal counsel to enforce the terms of this Agreement, Franchisor shall be entitled to recover all costs and expenses,~~

~~including travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.~~

~~11.Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not contained in this Agreement.~~

~~12.The obligations of Assignor and Assignee under this Agreement shall be joint and several.~~

~~I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.~~

~~ASSIGNOR:~~

~~ASSIGNEE:~~

~~By:______________________________~~
~~Name:~~
~~Title:~~

~~FRANCHISOR:~~

~~TRUFUSION FRANCHISING, LLC~~

~~By:_ Name:~~
~~Title:~~

~~EXHIBIT A TO TRUFUSION FRANCHISING, LLC~~
~~ASSUMPTION AND ASSIGNMENT AGREEMENT~~

~~Effective Date: This document is current and complete as of ____________, 20__~~

~~Franchisee Owners~~

~~1.Form of Owner. (Choose (a) or (b))~~

~~(a)Individual Proprietorship. List individual(s):~~

~~(b)Corporation, Limited Liability Company, or Partnership (circle one). You were incorporated or formed on____________under the laws of______________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:~~

~~2.Principals. The following list includes the full name of each person or entity who is one of your Principals (as defined in the Franchise Agreement), and fully describes the nature of each Principal's interest (attach additional pages if necessary).~~

~~Principal's Name~~	~~Percentage/Description of Interest~~
~~(a)~~______	______
~~(b)~~______	______
~~(c)~~______	______
~~(d)~~______	______

~~3.Identification of Operating Principal. Your Operating Principal as of the Effective Date is____(must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.~~

~~Address:~~____

~~E-mail Address:~~____

~~(FRANCHISEE)~~

~~By:~~ ______________________________
~~Name:~~
~~Title:~~

~~DATED:~~ ____________________

~~TRUFUSION FRANCHISING, LLC~~
~~(FRANCHISOR)~~

~~By:~~ ______________________________
~~Name:~~
~~Title~~

~~DATED:~~ ___________________

~~EXHIBIT B TO TRUFUSION FRANCHISING, LLC~~
~~ASSUMPTION AND ASSIGNMENT AGREEMENT~~

~~GUARANTY~~

~~NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING. SPOUSES OF ALL SIGNATORIES MUST ALSO SIGN.~~

~~The undersigned persons hereby represent to TruFusion Franchising, LLC ("Franchisor") that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, or a spouse of Franchisee or one of the aforementioned individuals, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisor and Franchisee, dated the____ day of_________________, 20 (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or~~

~~by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.~~

~~EACH GUARANTOR ACKNOWLEDGES TO TRUFUSION FRANCHISING, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.~~

~~Dated:~~________________

~~Print Name~~

~~Dated:~~________________

~~Print Name~~

~~EXHIBIT 10~~

TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Agreement") is made and entered into as of the day of__________________________, 20 (the "Effective Date"), by and between TruFusion Franchising, LLC., a Nevada limited liability company (the "Franchisor"), and_ ___________________, a ______________________________________ (the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a TruFusion franchised business (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers, Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings"); domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Companies") with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings or will take such other actions as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Nevada, without regard to the application of Nevada conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

TRUFUSION FRANCHISING, LLC.:

By: ______________________________

Name: ______________________________

Title: ______________________________

FRANCHISEE:

By: ______________________________

~~By:~~ ______________________________

~~Name:~~ ______________________________

____

Name: ______________________________

Title: _

____

~~Title:~~ ______________________________

EXHIBIT ~~11~~9

ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO TRUFUSION FRANCHISING, LLC ("COMPANY")

Depositor hereby authorizes and requests____ (the "Depository") to initiate debit and credit entries to Depositor's □ checking or □ savings account (select one) indicated below drawn by and payable to the order of TruFusion Franchising, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:____

City:____________________State:____________Zip Code:______________

Transit/ABA Number:________________________Account Number:_________

This authority is to remain in full force and effect until Depository has received written notification from TruFusion Franchising, LLC and Depositor of its termination.

Depositor: (Please Print)

____

____

Date Signed

____

____

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

Exhibit C

~~MULTI-UNIT DEVELOPER~~DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT

TruFusion Franchising, LLC

DEVELOPMENT AGREEMENT RIDER TO TRUFUSION FRANCHISING, LLC ~~MULTI-UNIT DEVELOPMENT~~ FRANCHISE AGREEMENT

~~TRUFUSION FRANCHISING, LLC~~
~~MULTI-UNIT DEVELOPMENT AGREEMENT~~

~~PAGE~~

~~**TRUFUSION FRANCHISING, LLC**~~
~~**MULTI-UNIT DEVELOPMENT AGREEMENT**~~

~~This Multi-Unit Development Agreement dated, made and entered into this_ day of __________, 20__ ("Effective Date") by and between TRUFUSION FRANCHISING, LLC, a Nevada limited liability company with its principal place of business at 2240 Corporate Circle, Suite 160, Henderson, NV 89074 (the "Company"), and_____with an address at______________________("Developer").~~

~~**BACKGROUND**~~

~~A.The Company and/or its equity owner or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the "TruFusion System" or "System") for the establishment, development and operation of TruFusion studios. The System includes our proprietary marks, recognized designs, decor and color schemes, distinctive specifications for fixtures, equipment, and designs; know- how, and trade secrets; procurement of members, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a TruFusion studio.~~

~~B.The TruFusion System is identified by various trade names, trademarks and service marks used by the Company and its franchisees including, without~~

~~limitation, the trademark "TruFusion™" and other identifying marks and symbols that the Company uses now or may later use as part of the TruFusion System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by the Company, its equity owner or its affiliate.~~

~~C.The Company is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a TruFusion studio.~~

~~D.Developer wishes to obtain certain development rights to operate TruFusion studios under the System, to be identified with the Proprietary Marks in the territory described in this Development Agreement, and to be trained by the Company to establish and operate TruFusion studios.~~

~~NOW, THEREFORE, the parties, in consideration of the mutual covenants and commitments herein contained, hereby agree as follows:~~

1. ~~GRANT~~**Background**. This Development Agreement Rider (this "**Rider**") is made between **TruFusion Franchising, LLC**, a Nevada limited liability company ("**we**," "**us**," or "**our**") and (“**you**” **or** “**your**”). This Rider is attached to, and intended to be a part of, that certain Franchise Agreement that we and you have [signed concurrently with signing this Rider/entered into on

~~1.1The Company hereby grants to Developer, pursuant to the terms and conditions of this Development Agreement, the development rights, and Developer hereby undertakes the obligation, to establish and operate the TruFusion studios (the "TruFusion studios" or "Franchised Businesses"), pursuant to the development schedule set forth in Exhibit "3"~~

] (the **"Franchise Agreement"**) for the operation of the TruFusion Studio located at (the "**Studio**"). We and you are signing this Rider because you want the right to develop additional TruFusion Studios (besides the Studio covered by the Franchise Agreement) within a certain geographic area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms not defined herein shall have the meanings defined in the Franchise Agreement.

2. **Grant of Development Rights**. Subject to your strict compliance with this Rider, we grant you the right to develop ( ) new TruFusion Studios (including the Studio covered by the Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the "**Development Schedule**") ~~at specific locations to be designated in separate franchise agreements (the "Franchise Agreements") executed by Developer as provided in Section 3.1 hereof. Each TruFusion studio developed hereunder shall be located in the area described in Exhibit "1"~~, within the following geographic area (the "**Development Area**") ~~attached hereto.~~

~~1.2Each TruFusion studio developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer or its affiliate and the Company in accordance with Section 3.1 hereof.~~:

____.

If you (and, to the extent applicable and with our approval, your affiliated entities) are fully complying with all of your obligations under this Rider, and are fully complying with all of your obligations under the Franchise Agreement and all other franchise agreements then in effect between us and you (and, to the extent applicable and with our approval, your affiliated entities) for the development and operation of TruFusion Studios, then during this Rider's term only, we (and our affiliates) may not establish or operate (except to the extent that we already operate TruFusion Studios in the Development Area), or grant to others the right to establish or operate, a TruFusion Studio the physical premises of which are located within the Development Area.

~~1.3**Except as otherwise provided in this Agreement, during the term of this Development Agreement, the Company shall not establish or operate, nor license any party other than Developer to establish or operate, any TruFusion studio under the System and the Proprietary Marks in the Development Area; provided, however, that Developer acknowledges and agrees that the Company retains the rights, among others, in the Development Area:**~~Except for the TruFusion Studio location restriction above, there are no restrictions that this Rider imposes on our (and our affiliates') activities within the Development Area during this Rider's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area, including, without limitation, those rights we reserve in the Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right to establish and operate, and grant to others the right to establish and operate, TruFusion Studios, the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions whatsoever.

~~**1.3.1to own, operate, franchise or license, both within and outside the Development Area, group fitness studios and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Franchised Businesses and the right to convert those businesses to TruFusion businesses**~~

~~**1.3.2to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of franchised businesses.**~~

~~**1.3.3to distribute products and services in alternative channels of distribution both within and outside the Development Area, (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, telemarketing, direct mail marketing or via the internet, and any similar outlets or distribution methods).**~~

~~**1.3.4in connection with a merger or acquisition, to own, operate,**~~

~~franchise or license, both within and outside the Development Area, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations.~~

~~1.4Developer acknowledges and agrees that certain of the Company's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in the Development Area by the Company, the Company's affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution, other than through TruFusion studios as the Company, in its sole discretion, shall determine, including, but not limited to, the right to distribute products and services (which may include, but are not limited to: software, clothing, books, food, nutritional products, videos, and music), in other channels of distribution (which other channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods), whether now existing or developed in the future, identified by the Proprietary Marks or other marks the Company and/or its affiliates own or license, both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with a TruFusion studio. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Developer understands that this Agreement grants Developer no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.~~

~~1.5This Agreement is not a franchise agreement, and does not grant to Developer any right to use in any manner the Company's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.~~

~~2.DEVELOPMENT FEE~~

~~2.1In consideration of the development rights granted herein, Developer shall pay to the Company, upon execution of this Agreement, the development fee set forth on Exhibit "3" (the "Development Fee"), receipt of which is hereby acknowledged by the Company, and which shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by the Company and for the development opportunities lost or deferred as a result of the rights granted Developer herein.~~

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE DEVELOPMENT SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. ~~**DEVELOPMENT OBLIGATIONS**~~**Development Obligations**. To maintain your

rights under this Rider, you (and/or affiliated entities we approve) must, by the dates specified in the Development Schedule, sign franchise agreements for and have open and operating the agreed-upon number of TruFusion Studios in the Development Area. You (and/or the approved affiliated entity) will operate each TruFusion Studio under a separate franchise agreement with us. The franchise agreement (and related documents, including Owner's Guaranty and Assumption of Obligations) that you (and your owners) sign for each additional TruFusion Studio will be our then current form of franchise agreement (and related documents), any and all of the terms of which may differ materially from any and all of the terms contained in the Franchise Agreement (and related documents). However, despite any contrary provision contained in the newly-signed franchise agreements, your additional TruFusion Studio must be open and operating by the dates specified in the Development Schedule. To retain your rights under this Rider, each of your TruFusion Studios must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

~~**3.1In exercising its development rights and fulfilling its development obligations under this Agreement, Developer shall execute a Franchise Agreement for each TruFusion studio at a site approved by the Company in the Development Area as hereinafter provided. The Franchise Agreement for the first TruFusion studio developed hereunder shall be in the form of the then current Franchise Agreement and shall be executed concurrently with this Agreement. The Franchise Agreement for each additional TruFusion studio developed hereunder shall be the form of the then-current Franchise Agreement being offered for new TruFusion studios, generally, by the Company at the time each such Franchise Agreement is executed. Developer shall not be required to pay an initial franchise fee. The terms and conditions of each subsequent Franchise Agreement signed by Developer may differ from the previous**~~

~~**Franchise Agreement, except the royalty fees and other fees payable to the Company will not exceed the fees being offered by the Company in its current form of franchise agreement, as of the date of this Agreement.**~~

~~**3.2Prior to Developer's acquisition by lease or purchase of any site for a TruFusion studio, Developer shall submit to the Company, in the form specified by the Company, the description of the proposed site and such information or materials as the Company may reasonably require, together with a letter of intent or other evidence satisfactory to the Company which confirms Developer's favorable prospects for obtaining the proposed site. The Company shall have sixty (60) days after receipt of the description of the proposed site and other information and materials from Developer to exercise its right and option, in writing, to approve or disapprove the proposed site for development as a TruFusion studio. In the event the Company does not approve a proposed site by written notice to Developer within such sixty (60) days, such site shall be deemed disapproved by the Company. The Company may present sites to Developer which meet the criteria and are available, but Developer shall have no obligation to accept any such sites. Developer acknowledges that Developer, and not the Company, has the duty and obligation to obtain an approved site for each TruFusion studio.**~~

~~**3.3Developer acknowledges that Developer is solely responsible for locating**~~

~~and securing sites acceptable to the Company and for negotiating leases for the sites acceptable to the Company. Developer shall submit to the Company the information developed at Developer's expense that the Company requests concerning any site and lease proposed by Developer for the Company's approval under this Agreement at any time as the Company may request. Developer acknowledges and agrees that the Company's review of the site information and lease (if any), presentation of a site to Developer, and/or approval does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for a TruFusion studio or any of lease terms or for any other purpose, or of its compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the TruFusion studio. The Company's presentation and/or approval of the site and/or lease (if any) indicates only that the Company believes the site and lease complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation. Both Developer and the Company acknowledge that application of criteria that have been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. The Company shall not be responsible for the failure of a site or lease presented or approved by the Company to meet Developer's expectations as to revenue or operational criteria. Developer further acknowledges and agrees that its acceptance of a franchise for the operation of the TruFusion studio at the site or lease is based on its own independent investigation of the suitability of the site or the lease.~~

~~3.4Recognizing that time is of the essence, Developer agrees, by the dates described in the Development Schedule and Section 1.1 of this Agreement, to execute each subsequent Franchise Agreement and to open its studios in accordance with the terms therein. If Developer fails, by the respective dates set forth in the Development Schedule, (a) to execute the Franchise Agreement described in the Development Schedule and (b) thereafter to develop, open and operate the respective TruFusion studio in accordance with the terms of the Franchise Agreement, Developer shall be in material default of this Agreement, and the Company shall have the right to all remedies described in Section 6.2 hereof.~~

4. ~~TERM~~**Subfranchising Rights**. This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate TruFusion Studios. Only you (and/or affiliated entities we approve) may develop, open, and operate TruFusion Studios pursuant to this Rider. This Rider also does not give you (or your affiliated entities) any independent right to use the "TruFusion" trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

~~4.1Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall~~

~~expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the TruFusion studios required by the Development Schedule.~~

~~4.2Upon expiration of this Agreement as set forth in Section 4.1 of this Agreement:~~

~~4.2.1Developer shall not have any right to establish any TruFusion studios for which a Franchise Agreement has not been executed by the Company at the time of expiration; and~~

~~4.2.2The Company shall be entitled to establish and operate, and license others to establish and operate TruFusion studios under the System and Proprietary Marks in the Development Area, except as may otherwise be provided under any Franchise Agreement which has been executed between the Company and Developer.~~

5. ~~DUTIES OF THE PARTIES~~**Development Fees**. As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of One Hundred and Thirty Thousand Dollars ($130,000) (the "**Development Fee**"). You will not owe any additional initial franchise fee under the franchise agreement that governs a TruFusion Studio credited toward the Development Schedule. The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Development Area for you to the exclusion of others, is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Development Schedule and we then terminate this Rider for that reason.

~~5.1For each TruFusion studio developed hereunder, the Company shall furnish to Developer the following:~~

~~5.1.1Such site selection consultation as the Company may deem advisable; and~~

6. ~~5.1.2Such on-site evaluation as the Company may deem advisable as part of its evaluation of Developer's request for site approval; provided, however, that the Company shall not provide on-site evaluation for any proposed site prior to the Company's receipt of such information and materials required under Section 3.2 hereof, including, but in no way limited to, a description of the proposed site and a letter of intent or other evidence satisfactory to the Company which confirm Developer's favorable prospects for obtaining the proposed site. The Company shall not provide on-site evaluation for any proposed site if Developer has not yet signed the applicable Franchise Agreement.~~**Grant of Franchises**. You must submit to us a separate application for each TruFusion Studio you wish to develop pursuant to this Rider. You agree to give us all information and materials we request in order to assess each proposed site. We will supply you with our site selection criteria and may put you in contact with a commercial real estate broker in the Development Area; however, we will not conduct site selection activities for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market and your ability to locate and access sites. We will not unreasonably withhold acceptance of any proposed site if the site meets our then current site criteria. However,

we have the absolute right not to accept any site not meeting these criteria. If we accept a proposed site, you agree, within the time period we specify (but no later than the date specified in the Development Schedule), to sign a separate franchise agreement (and related documents) for the Studio. If you do not do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you (and your owners) sign the franchise agreement (and related documents, including Owner's Guaranty and Assumption of Obligations), its terms and conditions will control your development and operation of the TruFusion Studio (except that the required opening date is governed exclusively by this Rider).

~~**5.2Developer accepts the following obligations:**~~

~~**5.2.1A Developer which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:**~~

~~**5.2.1.1Developer shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Developer's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Developer's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.**~~

~~**5.2.1.2Developer shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the TruFusion studios to be developed hereunder.**~~

~~**5.2.1.3Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:**~~

> ~~**The transfer of this stock is subject to the terms and conditions of a Multi-Unit Development Agreement with TruFusion Franchising, LLC, dated___________________. Reference is made to the provisions of the said Multi-Unit Development Agreement and to the Articles and Bylaws of this Corporation.**~~

~~**Notwithstanding the above, the requirements of this Section 5.2.1.3 shall not apply to a "publicly-held corporation". A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.**~~

~~**5.2.1.4Developer shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of**~~

~~Developer and shall furnish the list to the Company upon request.~~

~~5.2.2A Developer which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:~~

~~5.2.2.1Developer shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.~~

~~5.2.2.2Developer shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Developer.~~

~~5.2.3A Developer which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:~~

~~5.2.3.1Developer shall furnish the Company with a copy of its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Developer's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.~~

~~5.2.3.2Developer shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.~~

~~5.2.3.3Developer shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.~~

~~5.2.4Developer represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in Exhibit "2" attached hereto is complete and accurate.~~

~~5.2.5As a condition of the effectiveness of this Agreement, all owners with any interest in Developer and their spouses shall execute the Guarantee attached as Exhibit "4" hereto.~~

~~5.2.6Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.~~

~~5.2.7Developer shall comply with all of the other terms, conditions and obligations of Developer under this Agreement.~~

~~6.DEFAULT~~

~~6.1Developer shall be deemed in default under this Agreement, and all rights~~

~~granted herein shall automatically terminate, without notice to Developer, if Developer falsifies any information or material provided by the Developer to the Company; if Developer terminates or repudiates this Agreement orally or in writing; if Developer shall become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and consented to by Developer; if Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any of Developer's TruFusion studios shall be sold after levy thereupon by any sheriff, marshal or constable.~~

~~6.2If Developer fails to comply with or to perform any of the terms, conditions or obligations of this Agreement, including the development obligations described in Sections 1.1 and 3.4 hereof, or any Franchise Agreement or any other agreement between Developer or any of its affiliates and the Company, its affiliates or subsidiaries, or makes or attempts to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, the Company shall have the right, in its sole discretion:~~

~~6.2.1To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice;~~

~~6.2.2To terminate the territorial protection granted under Section 1.3 hereof, and the Company shall have the right to establish and operate, and license others to establish and operate, TruFusion studios within the Development Area; and~~

~~6.3Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any TruFusion studios for which a Franchise Agreement has not been executed by the Company at the time of termination. The Company shall have the right to establish and operate, and to license others to establish and operate, TruFusion studios under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between the Company and Developer.~~

~~6.4No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto. Default under this~~

~~Development Agreement shall constitute default under any other Development Agreement between the parties hereto.~~

~~6.5No right or remedy herein conferred upon or reserved to the Company is exclusive of any other right or remedy provided or permitted by law or equity.~~

In addition to our rights with respect to proposed TruFusion Studio sites, we may delay your development of additional TruFusion Studios pursuant to this Rider for the time period we deem best if we believe, when you submit your application, that you are not yet operationally, managerially, or otherwise prepared, due to the particular amount of time that has elapsed since you developed and opened your most recent TruFusion Studio, to develop, open and/or operate the additional TruFusion Studios in full compliance with our standards and specifications. We may delay additional development for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Development Schedule (unless we are willing to extend the Development Schedule proportionately to account for the delay).

7. ~~TRANSFERS~~**Term**. This Rider's term begins on the date we and you sign it and ends on the date when (a) the final TruFusion Studio to be developed under the Development Schedule has opened (or, if earlier, must have opened) for business, or (b) this Rider otherwise is terminated.

~~7.1Transfer by the Company:~~

~~The Company shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity, Developer agrees hereby to consent to any such assignment and delegation and to execute any documents in connection therewith as reasonably requested by the Company. Any such assignment shall be binding upon and inure to the benefit of the Company's successors and assigns.~~

~~7.2Transfer by Developer:~~

~~7.2.1Developer understands and acknowledges that the rights and duties set forth in this Agreement are unique to Developer, and are granted in reliance on the business skill, financial capacity, and personal character of Developer or Developer's owners. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Agreement nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly controls Developer, shall transfer or assign this Agreement, or shall sell, assign, transfer, convey or give away any direct or indirect interest in Developer (including any direct or indirect interest in a corporate, partnership or limited liability company Developer), in Developer's business, or in substantially all the assets of Developer, unless Developer shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company. The Company's consent shall not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise,~~

~~not having the written consent of the Company, shall be null and void and shall constitute a material breach of this Agreement, for which the Company may then terminate this Agreement without opportunity to cure pursuant to Section 6.2 of this Agreement.~~

~~7.2.2The Company shall not unreasonably withhold its consent to a transfer of this Agreement, or a direct or indirect interest in Developer, or of Developer's business, or of substantially all of the assets of Developer; provided, however, that if a transfer, alone, or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring this Agreement, a controlling interest in Developer or substantially all of Developer's assets, the Company may, in its sole discretion, require as a condition of its approval that:~~

~~7.2.2.1All of Developer's accrued monetary obligations to the Company and its affiliates and all other outstanding obligations related to the terms and conditions under this Agreement shall have been satisfied;~~

~~7.2.2.2Developer is not in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Developer and the Company, or its subsidiaries and affiliates;~~

~~7.2.2.3The transferor shall have executed a general release under seal, in a form satisfactory to the Company, of any and all claims against the Company and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;~~

~~7.2.2.4The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall enter into a written assignment, under seal and in a form satisfactory to the Company, assuming and agreeing to discharge all of Developer's obligations under this Agreement, and all the owners of any interest in Developer and their spouses shall execute the Company's then-current form of guarantee of Developer's obligations hereunder;~~

~~7.2.2.5The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall demonstrate to the Company's satisfaction that the transferee meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to comply with the Development Schedule;~~

~~7.2.2.6At the Company's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a legal or beneficial interest in the transferee as the Company may request) shall execute (and/or, upon the Company's request, shall cause all interested parties to execute), for a term ending on the expiration date of this Agreement, the Company's then-current standard~~

~~form of Development Agreement, which agreement shall supersede this Agreement in all respects and the terms of which agreement may differ from the terms of this Agreement; provided, however, that the Development Schedule thereunder shall be the same as in this Agreement, and (b) all owners of an interest in Developer and such owners' spouses shall execute the Company's then-current form of guarantee of Developer's obligations under the development agreement;~~

~~7.2.2.7Developer shall remain liable for all obligations of Developer's business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by the Company to evidence such liability;~~

~~7.2.2.8Each TruFusion studio which has opened and been approved for operation by the Company is in full compliance with all the conditions and terms of the Franchise Agreement for such TruFusion studio;~~

~~7.2.2.9Developer shall pay a transfer fee of Five Thousand Dollars ($5,000), or such greater amount necessary to reimburse the Company for its legal, accounting, training, and other expenses incurred in connection with the transfer; provided, however, in the case of a transfer to a corporation or limited liability company formed by Developer for the convenience of ownership.~~

~~7.2.2.10The transferor shall have first offered to sell such interest to the Company pursuant to Section 7.4 hereof.~~

~~7.2.3Developer shall use its best efforts in the event it grants a security interest in any of the assets of the business licensed hereunder to cause the secured party to agree that in the event of any default by Developer under any documents related to the security interest, the Company shall have the right and option to be substituted as obligor to the secured party and to cure any default of Developer, it being understood that such right of the Company may be subordinate to the rights of Developer's lenders or landlord.~~

~~7.2.4Developer acknowledges and agrees that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder.~~

~~7.3Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in Developer, the transfer of which requires the consent of the Company as provided in Section 7.2 hereof, the executor, administrator, personal representative, guardian, or conservator of such person shall transfer such interest within six (6) months after such death or mental incompetency to a third party approved by the Company. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivo*s transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for transfers contained~~

~~in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement.~~

~~7.4The Company's consent to any transfer under this Section 7 shall not constitute a waiver of any claims the Company may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.~~

8. ~~COVENANTS~~**Termination**. We may terminate this Rider and your right to develop TruFusion Studios within the Development Area at any time, effective upon delivery to you of written notice of termination: (a) if you fail to satisfy either your development obligations under the Development Schedule or any other obligation under this Rider, which defaults you have no right to cure; or (b) if the Franchise Agreement, or any other franchise agreement between us and you (or your affiliated entity) for a TruFusion Studio, is terminated by us in compliance with its terms or by you (or your affiliated entity) for any (or no) reason; or (c) if we have delivered a formal written notice of default to you (or your affiliated entity) under the Franchise Agreement, or any other franchise agreement between us and you (or your affiliated entity) for a TruFusion Studio, whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement. No portion of the Development Fee is refundable upon a termination of this Rider or under any other circumstances.

~~8.1Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by the Company, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the TruFusion studios to be developed hereunder.~~

~~8.2Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable confidential information, including, without limitation, information regarding the site selection and marketing methods and techniques of the Company and the System, and that Developer has the right and obligation under this Agreement to identify sites and develop the Development Area for the benefit of the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:~~

~~8.2.1Divert or attempt to divert any business or member of Developer's TruFusion studios or any TruFusion studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's Proprietary Marks and the System; or~~

~~8.2.2Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a TruFusion studio; (b) offers to sell or sells any product or services which are the same as, or substantially similar to, any of~~

~~the products or services offered by a TruFusion studio (a "Competing Business"). The prohibitions in this Section 8.2.2 shall not apply to interests in or activities performed in connection with a TruFusion studio.~~

~~8.3Developer covenants that, except as otherwise approved in writing by the Company, Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competing Business which is, or is intended to be, located at or within:~~

~~8.3.1the Development Area; or~~

~~8.3.2fifteen (15) miles of any TruFusion studio operating under the System and/or utilizing the Proprietary Marks.~~

~~8.4Section 8.3 shall not apply to ownership by Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.~~

~~8.5The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.~~

~~8.6Developer understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.~~

~~8.7Developer expressly acknowledges that the existence of any claims which Developer may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 8.~~

~~8.8Developer acknowledges that Developer's violation of the terms of this Section 8 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Developer accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Developer in violation of the terms of this Section 8.~~

~~9.NOTICES~~

~~Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail, facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt.~~

~~Notices to the Company:~~ ~~TRUFUSION FRANCHISING, LLC 2240 Corporate Circle Suite, 160 Henderson, NV 89074 Attn: President~~

~~Notices to Developer:~~ ____________________

~~10.INDEPENDENT CONTRACTOR AND INDEMNIFICATION~~

~~10.1It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.~~

~~10.2During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which the Company reserves the right to specify.~~

~~10.3Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and, that the Company shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Developer in Developer's operations hereunder, or any claim or judgment arising therefrom against the Company. Developer shall indemnify and hold the Company harmless against any and all such claims directly or indirectly from, as a result of, or in connection with, Developer's operations hereunder, as well as the costs,~~

~~including attorneys' fees, of defending against them.~~

~~11.APPROVALS AND WAIVERS~~

~~11.1Whenever this Development Agreement requires the prior approval or consent of the Company, Developer shall make timely written request to the Company therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.~~

~~11.2The Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.~~

~~11.3No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Developer shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.~~

~~12.SEVERABILITY AND CONSTRUCTION~~

~~12.1Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by an arbitrator, court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.~~

~~12.2Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights~~

~~or remedies under or by reason of this Agreement.~~

~~12.3Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which an arbitrator or court may hold to be unreasonable and unenforceable in a final decision to which the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration decision.~~

~~12.4All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.~~

~~**13.ENTIRE AGREEMENT**~~

~~This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Developer concerning the subject matter hereof and supersede any and all prior agreements. Except for the covenants set forth in Section 8 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Developer and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.~~

~~**14.APPLICABLE LAW AND JURISDICTION**~~

~~14.1Amendments. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE COMPANY'S FRANCHISE DISCLOSURE DOCUMENT.~~

~~14.2Choice of Law and Selection of Venue. This Agreement shall be governed by the laws of the State of Nevada. Except as provided in Sections 14.4 and 14.5 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of then-current County and State where the Company's corporate headquarters is located and Developer consents to same.~~

~~14.3Mediation. Except for any action brought in accordance with Section 14.4below, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted~~

~~to mediation, the same shall take place before a sole mediator in the then-current County and State where the Company's corporate headquarters is located. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Developer.~~

~~14.4Injunctive Relief. Nothing in this Agreement shall prevent the Company from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.~~

~~14.5Arbitration. Except as set forth in Section 14.4 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration in the then-current County and State where the Company's corporate headquarters is located in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.~~

~~The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Nevada for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Developer shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.~~

~~The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Developer further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Developer shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Developer. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court or State Courts in the then-current County and State where the Company's corporate headquarters is located and if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.~~

~~14.6Construction of Language. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context~~

~~requires. If more than one party or person is referred to as Developer, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Developer's "immediate family" means the spouse, parent, children and siblings of Developer and the parents, children and siblings of Developer's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.~~

~~14.7Successors. References to the Company or Developer include their successors, assigns or transferees, subject to the limitations of this Agreement.~~

~~14.8Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to the Company or any of its affiliates or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and the Company's other trade secrets, is declared invalid or unenforceable, then the Company at its option may terminate this Agreement immediately upon written notice to Developer.~~

~~14.9Force Majeure. Neither the Company, its affiliates nor Developer shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as the Company deems reasonable.~~

~~14.10Rights Cumulative. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.~~

~~14.11PARTIES. THE SOLE ENTITY AGAINST WHICH DEVELOPER MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY OR ANY CLAIM IS AGAINST THE COMPANY OR ITS SUCCESSORS OR ASSIGNS. THE~~

~~SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THE COMPANY AND OF ITS AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY DEVELOPER IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.~~

~~**14.12LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**~~

~~**14.13JURY TRIAL WAIVER. THE COMPANY AND DEVELOPER, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THE COMPANY AND DEVELOPER, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**~~

~~**15.ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES**~~

~~**15.1Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent businessman, or if Developer is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Developer expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Developer also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Developer's independent investigation of the business contemplated hereunder.**~~

Upon the occurrence of any of the events above in this Section 8 during the term of this Rider, we may, at our option, elect to terminate only the exclusivity of the Development Area (as provided under Section 2 above) instead of terminating this Rider entirely. This means that during the remainder of the term of this Rider, we and our affiliates will have the right to establish and operate, and grant to others the right to establish and operate, TruFusion Studios the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions whatsoever. However, such termination of the exclusivity shall be without prejudice to our right to terminate this Rider at any time thereafter for the same default or any other defaults under this Rider.

~~**15.2Developer acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7)**~~

~~calendar days prior to the date on which this Agreement and all related agreements were executed.~~A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then- effective individual franchise agreements.

~~15.3Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.~~

~~15.4Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Developer represents and warrants to the Company that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.~~

~~IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.~~

~~WITNESS: DEVELOPER~~

9. **Assignment**. Your development rights under this Rider are not assignable at all. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, any change in your ownership (whether or not it is a controlling ownership interest), any change in your owners' ownership (if such owners are legal entities and whether or not it is a controlling ownership interest), a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights.

10. **Incorporation of Other Terms**. Sections 7.1, 7.2, 7.3, 9.3, 11, and 12 of the Franchise Agreement, entitled "Independent Contractors," "Indemnification," "Payment of Debts," "Nonwaiver," "Notices" and "Interpretation," respectively, are incorporated by reference

in this Rider and will govern all aspects of this Rider and our and your relationship as if fully restated within the text of this Rider.

~~**TRUFUSION FRANCHISING, LLC**~~

11. **Rider to Control**. Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

~~**By:_______________________________**~~

~~**Name:**~~
~~**Title:**~~

[Signature Page Follows.]

~~EXHIBIT 1 TO TRUFUSION FRANCHISING, LLC~~ Dated this day of , 20 .

~~MULTI-UNIT DEVELOPMENT AGREEMENT~~

~~DEVELOPMENT AREA~~

~~The entire area located within the following postal codes:~~

~~EXHIBIT 2 TO~~
~~TRUFUSION FRANCHISING, LLC~~
~~MULTI-UNIT DEVELOPMENT AGREEMENT~~

~~Statement of Ownership Interest~~

~~Effective Date: This Exhibit 2 is current and complete as of ____________, 20~~

~~Developer Owners~~

~~1. Form of Owner. (Choose (a) or (b))~~

~~(a) Individual Proprietorship. List individual(s):~~

~~(b) Corporation, Limited Liability Company, or Partnership. (CIRCLE ONE) You were incorporated or formed on ______________________, under the laws of the State of _______. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:~~

~~Name of Each Director/Manager/Officer~~ ~~Position(s) Held~~

~~2.Owners. The following list includes the full name of each person who is one of your owners (as defined in the Multi-Unit Development Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).~~

~~Owner's Name~~	~~Percentage/Description of Interest~~
~~(a)~~ ___	___
~~(b)~~ ___	___
~~(c)~~ ___	___
~~(d)~~ ___	___

~~3.Identification of Operating Principal. Your Operating Principal as of the Effective Date is ______(must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.~~

~~Address:~~

~~E-mail Address:~~ ______________________________

~~FRANCHISEE~~

~~[Print Name]~~

~~By:~~ ______________________________
~~[signature]~~

~~Title:~~ ______________________________

~~DATED:~~ ______________________________

~~**Development Schedule/ Development Fee**~~

~~**Developer Agrees to develop TruFusion studios in the Development Area according to the following schedule:**~~

~~**Cumulative Number of Franchise Agreements to be Executed**~~	~~**Date by Which Franchise Agreements Must Be Executed:**~~

~~**Development Fee: $_____________________ (_________________ Dollars)**~~

~~**EXHIBIT 4 TO**~~
~~**TRUFUSION FRANCHISING, LLC**~~
~~**MULTI-UNIT DEVELOPMENT AGREEMENT**~~

~~**GUARANTEE**~~

~~**As an inducement to TruFusion Franchising, LLC (the “Company”) to execute the Multi-Unit Development Agreement between the Company and_______ (“Developer”) dated______________, 20__ (the “Agreement”), the undersigned ________________ (“Guarantor(s)”), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Developer’s obligations under the Agreement will be punctually paid and performed.**~~

~~**Upon demand by the Company, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.**~~

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

~~The undersigned hereby acknowledge and agree to be individually bound by all of the Developer's covenants contained in Section 8 of the Agreement.~~

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

~~Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 12 and Section 14 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Nevada which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guarantee.~~

~~Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party.~~

~~Notices to the Company:~~ ~~TRUFUSION FRANCHISING, LLC 2240 Corporate Circle, Suite 160~~
~~Henderson, Nevada 89074 Attn: President~~

~~Notices to Guarantors:~~

TRUFUSION FRANCHISING, LLC	FRANCHISE OWNER
By: __________ Title: __________ Date: __________	[Name] By: _____ Title: _____ Date: ___

~~Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.~~

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

~~WITNESS: GUARANTORS:~~

~~WITNESS:~~

~~WITNESS:~~

EXHIBIT ~~5 TO TRUFUSION FRANCHISING, LLC~~A TO DEVELOPMENT AGREEMENT RIDER

~~MULTI-UNIT DEVELOPMENT AGREEMENT~~

~~CONFIDENTIALITY AGREEMENT~~

You agree to develop and open ( ) new TruFusion Studios in the Development Area, including the Studio that is the subject of the Franchise Agreement, according to the following

Schedule:

~~In consideration of my being a ______________ of~~

TruFusion Studio Number	**Date by which Franchise Agreement Must be Signed**	**Date by which Approved Location must be Secured**	**Date by which TruFusion Studio Must be Opened**	**Cumulative Number of TruFusion Studios to Be Open and Operating in the Development Area No Later than the Opening Dates (in previous column)**
1	Concurrently with this Rider	[180] days from date we sign the Franchise Agreement for the first TruFusion Studio	[270] days from date we sign the Franchise Agreement for the first TruFusion Studio (the **"First Deadline"**)	**1**
2				**2**
3				**3**

*If you open the first TruFusion Studio before the First Deadline, the deadlines for opening the subsequent TruFusion Studios will remain the specified number of months after the First Deadline (rather than the specified number of months from the preceding TruFusion Studio's actual opening date).

~~______________ (the "Developer"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:~~

TRUFUSION FRANCHISING, LLC	**FRANCHISE OWNER**
By: ______________	______________ [Name]
Title:	By:
Date:	Title:
	Date:

~~1. ____, ______________ doing business as ______________ (the "Developer"), has acquired the development rights from TruFusion Franchising, LLC (the "Company") and undertaken the obligation to establish and operate TruFusion studios (the "TruFusion studios" or "Franchised Businesses") under the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of TruFusion studios (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.~~

~~2. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade~~

~~secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all client personal information that I obtain or have access to.~~

~~3.Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.~~

~~4.As __of the Developer, the Company and Developer will disclose some or all of the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Confidential Operating Manual and other general assistance during the term of this Agreement.~~

~~5.I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Developer and the Franchised Businesses during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.~~

~~6.The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as___________of the Developer, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Developer under the Development Agreement.~~

~~7.The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.~~

~~8.This Agreement shall be construed under the laws of the State of Nevada. The only way this Agreement can be changed is in writing signed by both the Developer and me.~~

~~Signature:~~ ______________________________

~~Name:~~ ______________________________

~~Address:~~ ______________________________

~~Title:~~ ______________________________

~~ACKNOWLEDGED BY DEVELOPER~~

~~By:~~ ______________________________

~~Name:~~ ______________________________

Exhibit D

STATE ADDENDA

TruFusion Franchising, LLC

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

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.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

The Franchise Agreement ~~**and Multi-unit Development Agreement contain**~~contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

The Franchise Agreement ~~**and Multi-unit Development Agreement require**~~requires application of the laws of Nevada. This provision may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document, approved by the Commissioner of Business Oversight~~**before we ask you**~~, prior to ~~**consider**~~ a solicitation of a proposed material modification of ~~**your Franchise Agreement or Multi-Unit Development Agreement**~~an existing franchise.

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

Neither the Franchisor nor any person listed in Item 2 of this 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. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

OUR WEBSITE, www.TruFusion.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ~~AT~~AT WWW.DBO.CA.GOV.

The Franchise Agreement ~~and the Multi-Unit Development Agreement require~~requires binding arbitration if there is a dispute regarding either agreement or any other agreement between the franchisee and/or its principals and the franchisor. The arbitration will occur in the then-current State where our corporate headquarters is located with the costs being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

~~We will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.~~

~~Section 14.3 of the Multi-Unit Development Agreement limits the statute of limitations to 1 year from the date the conduct, act or other event or occurrence first giving rise to the claim. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303- 31304. Corporations Code Section 31512 provides that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void."~~

~~The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.~~

~~A summary of the California Health Studio Services Contract Law published by the Department of Consumer Affairs can be found at http://www.dca.ca.gov/publications/legal_guides/w- 10.shtml.~~

You may be required to pay interest on overdue amounts owed to us. The maximum interest rate allowed in California is 10%.

ADDENDUM TO THE TRUFUSION FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of TruFusion Franchising, LLC for use in the State of Illinois shall be amended as follows:

1. Pursuant to Section 200.508 of the Illinois Administrative Rules, Item 5 is amended to provide that all of the initial fees be deferred until Franchisor has satisfied all of its pre-opening obligations to you, and you have commenced doing business. The Illinois Attorney General's Office has imposed this deferral requirement due to the Franchisor's financial condition.

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

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

4. 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.

5. 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.

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

AMENDMENT TO TRUFUSION FRANCHISING, LLC'S FRANCHISE AGREEMENT ~~AND MULTI-UNIT DEVELOPMENT AGREEMENT~~REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the attached TruFusion Franchising, LLC Franchise~~ Agreement and/or Multi-Unit Development~~ Agreement hereby agree as follows:

1. Pursuant to Section 200.508 of the Illinois Administrative Rules, the Franchise Agreement ~~and Multi-Unit Development Agreement are~~is amended to provide that the initial fees payable by you shall be deferred until Franchisor has satisfied all of its pre-opening obligations to you, and you have commenced doing business. The Illinois Attorney General's Office has imposed this deferral requirement due to the Franchisor's financial condition.

2. Illinois law governs the Franchise Agreement(s)

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any

provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise ~~Agreement and/or Multi-Unit Development~~ Agreement on the same date as that on which the Franchise Agreement ~~and/or Multi-Unit Development Agreement were~~was executed.

TRUFUSION FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
Name:______________________________	Name: ______________________________
______________________________	Title: ______________________________
~~Name:~~______________________________	Date:______________________________
______________________________	
Title:______________________________	
______________________________	
~~Title:~~______________________________	
______________________________	
Date:______________________________	

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 17.c ("Requirements for Franchisee to Renew or Extend") and Item 17.m ("Conditions for TruFusion's approval of transfer") of the disclosure document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.g ("'Cause' defined - defaults which can be cured") of the disclosure document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

3. Item 17.v ("Choice of Forum") is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Nothing in the disclosure document, the Franchise ~~Agreement nor the Multi-Unit Development~~ Agreement is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 5 of the Disclosure Document is amended to provide "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial fee payments by area developers shall be deferred until the franchisor completes its pre-opening obligations for the first franchise to be developed under the development agreement."

MARYLAND AMENDMENT TO TRUFUSION FRANCHISING, LLC FRANCHISE AGREEMENT

TruFusion and Franchisee hereby agree that the Franchise Agreement dated____________, ~~201~~ 202_, will be amended as follows:

1. The following language is added to Section 2.2.9 of the Franchise Agreement:

", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to the end of Section 12.2 of the Franchise Agreement:

"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland

Franchise Registration and Disclosure Law."

3. The following paragraph is added to the Franchise Agreement:

"Notwithstanding anything to the contrary in the Franchise Agreement, any acknowledgement or representation by you that disclaim the occurrence and/or acknowledge the non-occurrence of any acts that would constitute a violation of the Law are not intended nor shall they act as release, estoppel or waiver of any liability incurred under the Law."

4. The following language is added to the Disclosure Questionnaire attached to the Franchise Agreement:

"No representation requiring prospective franchisees to assent to a release, estoppel or waiver of liability is intended to nor shall is act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

5. The Franchise Agreement is amended to provide "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

~~TRUFUSION:~~ ~~Franchisee:~~

~~TRUFUSION FRANCHISING, LLC~~ ____________

~~By:~~______________________ ~~By:~~________

~~Its:~~ ______________________ ~~Its:~~________

~~MARYLAND AMENDMENT~~

~~TO~~ **TRUFUSION FRANCHISING, LLC** ~~MULTI-UNIT DEVELOPMENT AGREEMENT~~ **FRANCHISEE**

________________________________ ________________________________

~~TruFusion and Franchisee hereby agree that the Multi-Unit Development dated___, 201_, will be amended as follows:~~

Name: ________________________ Name: ________________________

Title: ________________________ Title: ________________________

Date: ________________________ Date: ________________________

MINNESOTA

1. The following language is added to ~~Section 14 of the Multi-Unit Development Agreement~~the end of Item 13:

~~**"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."**~~

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

2. The following ~~paragraph~~ is added ~~to the Multi-Unit Development Agreement~~at the end of the chart in Item 17:

~~**"Notwithstanding anything to the contrary in the Multi-Unit Development Agreement, any acknowledgement or representation by you that disclaim the occurrence and/or acknowledge the non-occurrence of any acts that would constitute a violation of the Law are not intended nor shall they act as release, estoppel or waiver of any liability incurred under the Law."**~~

~~**3.The Multi-Unit Development Agreement is amended to provide "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial fee payments by area developers shall be deferred until the franchisor completes its pre-opening obligations for the first franchise to be developed under the development agreement."**~~

~~**IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.**~~

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

~~**TRUFUSION:**~~	~~**Franchisee:**~~

~~TRUFUSION FRANCHISING, LLC~~	
~~By:~~	~~By:~~
~~Its:~~	~~Its:~~

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF ~~INFORMTION~~INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 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 FOR IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor'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 the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this________day of________, 20____.

Franchisee:______________________________ Date:______________________________

______________________________ Date:______________________________

~~**Date:**~~______________________________

____

Franchisor:______________________________

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TruFusion Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

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

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the ~~Multi-Unit~~ Development Agreement Rider to TruFusion Franchising, LLC Franchise Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

2. If any of the provisions in the disclosure document~~,~~ or Franchise ~~Agreement or Multi- Unit Development~~ Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the disclosure document and Franchise Agreement with regard to any franchises sold in Washington.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

~~**4.The State of Washington's policy pursuant to its Administrative Regulations pertaining to releases is as follows:**~~

> ~~**The requirement of a release by the Franchisee to Franchisor is acceptable so long as it does not include a release of the**~~

~~**Franchisee's claims under the Washington Franchise Investment Protection Act.**~~

~~**5.Item 17 is amended to add the following:**~~

~~**"These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq*., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217- 19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.**~~

~~**A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.**~~

~~**The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California [Civil Code Section 1671], Indiana [1C 23-2-2.7-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions."**~~

4. ~~6.~~There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

6. ~~8.~~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 which 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.

7. ~~9.~~ Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

WASHINGTON AMENDMENT
TO TRUFUSION FRANCHISING, LLC FRANCHISE AGREEMENT

TruFusion and Franchisee hereby agree that the Franchise Agreement dated____________, ~~201~~202 , will be amended as follows:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

~~**1.The State of Washington has a statute, RCW 19.100.180, which may supersede**~~ In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the "**Act**"), the Franchise Agreement ~~**in Franchisee's relationship with TruFusion, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.**~~of SureStay, Inc. shall be modified as follows:

~~**2.**~~In the event of a conflict of ~~**law**~~laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW ~~**shall**~~will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

~~**3.**~~A release or waiver of rights executed by a franchisee ~~**shall**~~may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

~~**4.**~~Transfer fees are collectable to the extent that they reflect ~~**Franchisor**~~the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~**5.In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.**~~

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.

~~6.The undersigned hereby acknowledges receipt of this amendment.~~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.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

~~**TRUFUSION:**~~	~~**Franchisee:**~~
~~**TRUFUSION FRANCHISING, LLC**~~	___________
~~**By:**~~ ________________________	~~**By:**~~ ________
~~**Its:**~~ ______________________	~~**Its:**~~ ________

~~**WASHINGTON AMENDMENT**~~

~~TO~~ TRUFUSION FRANCHISING, LLC ~~MULTI-UNIT DEVELOPMENT AGREEMENT~~ FRANCHISEE

~~**TruFusion and Franchisee hereby agree that the Multi-Unit Development Agreement dated_______, 201_, will be amended as follows:**~~

~~**1.In lieu of an impound of franchise fees, for each unit to be developed under a Multi-Unit Development Agreement, the Franchisor will not require or accept the payment of any Development Fee or initial franchise fee until the franchisee: (a) has received all initial training that it is entitled to under the franchise agreement or offering circular; and (b) the franchised business is open for business. Payment of Development Fees owed shall be made on a pro-rated basis and the applicable pro-rated portion shall be paid for each unit upon satisfaction of the above.**~~

~~**2.In the event of a conflict of law, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.**~~

~~3.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 which 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.~~

~~4.Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~5.In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.~~

~~6.The undersigned hereby acknowledges receipt of this amendment.~~

____________________________________ ____________________________________

~~IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.~~

~~TRUFUSION:~~	~~Franchisee:~~
~~TRUFUSION FRANCHISING, LLC~~	___________
~~By:~~ ____________________	~~By:~~ ________
~~Its:~~ ____________________	~~Its:~~ ________

Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	Date: ______________________

Exhibit E

FINANCIAL STATEMENTS

TruFusion Franchising, LLC

TRUFUSION FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2019

TRUFUSION FRANCHISING, LLC

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
736 VERONA DRIVE MELVILLE, NEW YORK 11747

INDEPENDENT AUDITOR'S REPORT

To the Members of
TruFusion Franchising, LLC

We have audited the accompanying financial statements of TruFusion Franchising, LLC (the "Company") which comprise the balance sheets as of December 31,2019 and 2018 and the related statements of operations, changes in members' deficit and cash flows for the years ended December 31,2019 and 2018 and the related notes to financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 TruFusion Franchising, LLC as of December 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
The COVID-19 outbreak in2020 (See Note 6) has caused business disruption in a variety of Industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Barry Knepper, CPA
March 31,2020

TRUFUSION FRANCHSING ,LLC

BALANCE SHEETS

ASSETS	December 31 2019	December 31 2018
Current Assets		
Cash	$ 668,902	$ 65,994
Accounts receivable	65,798	112,917
Inventory	2,569	—
Deferred commissions-current portion	35,608	151,875
Total current assets	772,877	330,786
Deferred commissions	$ 235,557	—
Property and equipment, net	89,966	117,188
Security deposit	14,662	14,662
Total Assets	$ 1,113,062	$ 462,636

LIABILITITES AND MEMBER'S (DEFICIT)		
Current Liabilities		
Accounts payable and accrued expenses	$ 239,307	$ 290,679
Deferred rent	11,531	4,552
Due to related party	2,350,042	539,010
Deferred franchise fees-current portion	565,063	4,624,100
	3,165,943	5,458,341
Deferred franchise fees	3,505,562	—
Member's (deficit)	(5,558,443)	(4,995,705)
Total Liabilities and Member's (Deficit)	$ 1,113,062	$ 462,636

See notes to financial statements

TRUFUSION FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

	YEAR ENDED DECEMBER 31	
	2019	2018
Revenues		
Franchise fees	$ 515,062	$ 83,938
Royalties	671,982	354,679
Equipment sales	—	152,651
Brand development fund	87,750	—
Other	136,516	54,820
	1,411,310	646,088
Cost of Sales	272,485	160,140
Gross profit	1,138,825	485,948
Operating Expenses	1,936,985	3,896,646
Net Loss	(798,160)	(3,410,698)
Beginning Deficit	(4,760,283)	(1,347,007)
Restatement for Revenue Recognition(ASC 606)	—	235,422
Member's (Distribution)	—	(238,000)
Shareholder's(Deficit)-Ending	$ (5,558,443)	$ (4,760,283)

See notes to financial statements

TRUFUSION FRANCHSING,LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2019	2018
CASHFLOW FROM OPERATING ACTIVITIES		
Net loss	$ (798,160)	$ (3,410,698)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	27,222	27,223
Changes in assets and liabilities		
Accounts receivable	47,119	(18,291)
Inventory	(2,569)	
Prepaid expenses	—	12,876
Deferred commissions expense	(119,290)	—
Accounts payable and accrued expenses	(51,372)	74,076
Accrued payroll	—	(20,517)
Deferred franchise fees	(318,053)	2,269,700
Deferred rent	6,979	(5,304)
	(1,208,124)	(1,070,935)
CASHFLOW FROM FINANCING ACTIVITIES		
Due from related parties	—	312,386
Due to related party	1,811,032	539,010
Member equity contribution(distribution)	—	(238,000)
	1,811,032	613,396
NET INCREASE(DECREASE)IN CASH	602,908	(457,539)
CASH-BEGINNING	65,994	523,533
CASH-ENDING	$ 668,902	$ 65,994

See notes to financial statements

TRUFUSION FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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1. BUSINESS ORGANIZATION

The Company is a Nevada Limited Liability Company organized in March 2015. The Company's principal business is the development and franchising of yoga fitness centers

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation –The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Cash and Cash Equivalents –The Company considers all liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and money market funds carried at cost which approximates fair value. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation.

Advertising –The Company recognizes advertising expense when it occurs. The Company incurred $162,738 and $414,630 of advertising expense for the period ended December 31, 2019 and 2018,respectively.

Property and Equipment-Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from five to seven years. Leasehold improvements are depreciated over the life of the asset or the corresponding lease agreement, whichever is shorter. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

Impairment of Long Lived Assets –Long-lived assets are reviewed for impairment in accordance with the applicable FASB ASC 360-10, Under the standard, long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount, if any, when the carrying value of the asset exceeds the fair value.

Leases Obligation –The Company recognizes rent expense related to leased office and operating space on a straight-line basis over the term of the lease. The difference between rent expense and rent paid, if any, is the result of escalation provisions and lease incentives, such as rent holidays provided by lessors, and is recorded as deferred rent in the Company's balance sheets.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded. The Company adopted the standard commencing as of January 1,2019 using the retrospective transition method.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The new standard requires that the franchise fee received from customers be allocated to each separate and distinct performance obligation. The following services ("distinct performance obligations") are typically provided by the Company prior to the opening of a franchise location.

- Approval of all site selections to be developed
- Provision of architectural plans suitable for the location
- Provision of management training for the new franchisee and selected staff.

The transaction price attributable to each separate and distinct performance obligation would then be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.

Upon adoption as of December 31,2018, we recorded deferred revenue and a cumulative effect adjustment to decrease accumulated deficit by $235,422 on our balance sheet for the unamortized portion of fees received on behalf of the then operating franchise agreements.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting over the year. Revenues increased by approximately $ 87,750 as a result of this change in the year ended December 31,2019.

Franchise Arrangements—The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years. At December 31, 2019 and 2018 the Company had nine and four franchisees operating, respectively.

Concentration of Credit Risk—financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The Company maintains its cash and cash equivalents with an accredited financial institution. The Company reviews the credit history of its franchisees before extending credit. The Company establishes its allowances based upon factors including the credit risk of specific franchisees, historical trends, and other information.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income - The Company is a limited liability company. Income and expenses for the Company pass through directly to the members and is reported on their individual income tax returns. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements.

3. PROPERTY and EQUIPMENT

Property and equipment consisted of	December 31, 2018	2017
Leasehold improvements	$ 29,738	$29,738
Equipment	143,679	143,679
Accumulated depreciation	(83,521)	(56,299)
Total	$ 89,966	$ 117,188

During the periods ended December 31, 2019 and 2018, depreciation expense was $27,222 and $27,223.

4. COMMITMENTS and CONTINGENCIES

The Company leases space in Las Vegas, Nevada in an office building through August 2021.The future minimum lease payments are:

2020	$ 166,208
2021	$ 114,344

5. RELATED PARTY TRANSACTIONS

As of December 31, 2019, and 2018., a related party Company with common ownership has advanced $2,350,042 and $539,010, respectively, to the Company. These advances are non-interest bearing and due on demand.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31,2020 which is the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements other than the event discussed below.

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11,2020 by the World Health Organization("WHO"), has caused business interruption in a variety industries, markets and geographic areas. Such business interruptions, according to some economists may be severe enough to result in a recession. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the severity of impact on the Company's business. At this time all for the Company's franchise locations are closed. While we expect this matter to negatively impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

TRUFUSION FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2018

TRUFUSION FRANCHISING, LLC

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
736 VERONA DRIVE MELVILLE, NEW YORK 11747

INDEPENDENT AUDITOR'S REPORT

To the Members of
TruFusion Franchising, LLC

We have audited the accompanying financial statements of TruFusion Franchising, LLC (the "Company") which comprise the balance sheets as of December 31,2018 and 2017 and the related statements of operations, changes in members' deficit and cash flows for the years ended December 31,2017 and 2016 and the related notes to financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 TruFusion Franchising, LLC as of December 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Barry Knepper, CPA
April 26, 2019

TRUFUSION FRANCHSING ,LLC
BALANCE SHEETS

ASSETS	December 31 2018	December 31 2017
Current Assets		
Cash	$ 65,994	$ 523,533
Accounts receivable	112,917	94,626
Prepaid expenses	—	12,876
Due from affiliates	—	312,386
Deferred commissions	151,875	151,875
Total current assets	330,786	1,095,296
Property and equipment, net	117,188	144,411
Security deposit	14,662	14,662
Total Assets	$ 462,636	$ 1,254,369

LIABILITITES AND MEMBER'S (DEFICIT)

	2018	2017
Current Liabilities		
Accounts payable and accrued expenses	$ 290,679	$ 216,603
Accrued payroll		20,517
Deferred rent	4,552	9,856
Due to related party	539,010	—
Deferred franchise fees-current portion	4,624,100	2,354,400
	5,458,341	2,601,376
Member's (deficit)	(4,995,705)	(1,347,007)
Total Liabilities and Member's (Deficit)	$ 462,636	$ 1,254,369

See notes to financial statements

TRUFUSION FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

	YEAR ENDED DECEMBER 31	
	2018	2017
Revenues		
Franchise fees	$ 83,938	$ —
Royalties	354,679	52,617
Equipment sales	152,651	29,411
Other	54,820	52,230
	646,088	134,258
Cost of Sales	160,140	139,073
Gross profit(loss)	485,948	(4,815)
Operating Expenses	3,896,646	2,431,935
Net Loss	(3,410,698)	(2,436,750)
Beginning Deficit	(1,347,007)	7,075
Member's Contribution(Distribution)	(238,000)	1,082,668
Shareholder's(Deficit)-Ending	$ (4,995,705)	$ (1,347,007)

See notes to financial statements

TRUFUSION FRANCHSING,LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2018	2017
CASHFLOW FROM OPERATING ACTIVITIES		
Net loss	$ (3,410,698)	$ (2,436,750)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	27,223	12,953
Changes in assets and liabilities		
Accounts receivable	(18,291)	(75,643)
Prepaid expenses	12,876	(4,376)
Deferred commissions expense	—	(8,875)
Security deposit	—	(8,285)
Accounts payable and accrued expenses	74,076	143,615
Accrued payroll	(20,517)	20,517
Deferred franchise fees	2,269,700	1,360,000
Deferred rent	(5,304)	5,710
	(1,070,935)	(991,134)
CASHFLOW FROM INVESTING ACTIVITIES		
Property and equipment acquisition	—	(101,705)
CASHFLOW FROM FINANCING ACTIVITIES		
Loan payable to related party		(95,000)
Due from related parties	312,386	815,336
Due to related party	539,010	(224,764)
Member equity contribution(distribution)	(238,000)	1,082,668
	613,396	1,578,240
Net Increase(decrease) in Cash	(457,539)	485,401
Cash-Beginning	523,533	38,132
Cash-Ending	$ 65,994	$ 523,533

See notes to financial statements

1. BUSINESS ORGANIZATION

The Company is a Nevada Limited Liability Company organized in March 2015. The Company's principal business is the development and franchising of yoga fitness centers

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation–The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Cash and Cash Equivalents–The Company considers all liquid investments purchased with an initial maturity of three months or less to be cash equivalents Cash and cash equivalents include demand deposits and money market funds carried at cost which approximates fair value. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation.

Advertising–The Company recognizes advertising expense when it occurs. The Company incurred $ 414,630 and $125,096 of advertising expense for the period ended December 31, 2018 and 2017,respectively.

Property and Equipment-Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from five to seven years. Leasehold improvements are depreciated over the life of the asset or the corresponding lease agreement, whichever is shorter. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

Impairment of Long Lived Assets–Long-lived assets are reviewed for impairment in accordance with the applicable FASB ASC 360-10, Under the standard, long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount, if any, when the carrying value of the asset exceeds the fair value.

Leases and Asset Retirement Obligations–The Company recognizes rent expense related to leased office and operating space on a straight-line basis over the term of the lease. The difference between rent expense and rent paid, if any, is the result of escalation provisions and lease incentives, such as rent holidays provided by lessors, and is recorded as deferred rent in the Company's balance sheets.

Revenue Recognition — In accordance with SFAS No. 45, *Accounting for Franchise Fee Revenue* the Company recognizes revenue from the sale of franchise territories, net of an allowance for uncollectible accounts, when all material services or conditions relating to the initial sale have been substantially performed or satisfied. Unearned franchise fees result when all conditions of the initial sale have not been fulfilled. The associated direct costs relating to franchise sales for which revenue has not been recognized ordinarily are deferred until the related revenue is recognized. The Company also earns contract fee income from the acquisition of existing license agreements it acquired.

Franchise Arrangements—The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years. At December 31, 2018 and 2017 the Company had six and three franchisees operating, respectively

Concentration of Credit Risk—financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The Company maintains its cash and cash equivalents with an accredited financial institution. The Company reviews the credit history of its franchisees before extending credit. The Company establishes its allowances based upon factors including the credit risk of specific franchisees, historical trends, and other information.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income - The Company is a limited liability company. Income and expenses for the Company pass through directly to the members and is reported on their individual income tax returns. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements.

3. PROPERTY and EQUIPMENT

	December 31,	
Property and equipment consisted of	2018	2017
Leasehold improvements	$ 29,738	$29,738
Equipment	143,679	143,679
Accumulated depreciation	(56,299)	(29.006)
Total	$ 117,188	$ 144,411

During the periods ended December 31, 2018 and 206, depreciation expense was $27,223and $12,953.

4. COMMITMENTS and CONTINGENCIES

The Company leases space in Las Vegas, Nevada in an office building through August 2021.The future minimum lease payments are:

2019	$ 160,462
2020	$ 166,208
2021	$ 114,344

5. RELATED PARTY TRANSACTIONS

As of December 31, 2017 the Company advanced $ 312,386 to related parties with common ownership. These advances bear no interest and are due on demand.

As of December 31, 2018, a related party Company with common ownership advanced $539,010 to the Company. This advance bears no interest and is due on demand.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation the Company did not Identify any other recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were reviewed through April 26,2019.

~~**Exhibit F**~~

Exhibit F

TABLE OF CONTENTS-OPERATIONS MANUAL

TruFusion Franchising, LLC

TABLE OF CONTENTS - OPERATIONS MANUAL

~~Exhibit~~EXHIBIT G

~~LIST OF FRANCHISEES~~

~~TruFusion Franchising, LLC~~

TRUFUSION LIST OF FRANCHISEES OPEN AS OF DECEMBER 31, ~~2018~~2019

Arizona

TruFusion Scottsdale
TruFitness Arizona, LLC~~-~~
~~East Thunderbird Square~~
14202 North Scottsdale Rd.
Scottsdale, AZ 85254

California

TruFusion Saratoga
Apex Sports and Wellness
910 El Paseo de Saratoga
San Jose, CA 95130

TruFusion Walnut Creek
Del Mar Investors
1675 Olympic Blvd.
Walnut Creek, CA 94596

Florida

TruFusion Coral
~~Gabels~~**Gables** Coral Gables
TruFusion, LLC 301 Giralda
~~Avenue~~Ave.
Coral Gables, FL 33143

Missouri

TruFusion St. Louis
TRU STL, LLC 7431 Washington Ave. St. Louis, MO 63130

Nevada

~~TruHealth LLC~~ **TruFusion Summerlin**
TruHealth, LLC 1870 Festival Plaza Dr, Suite 200 Las Vegas, NV 89135

Texas

TruFusion South Austin
Austin Tru, LLC
4211 South Lamar Blvd
Austin, TX 78704

TruFusion Dallas
TSG Park Cities, LLC
9100 North Central Exwy
Dallas, TX 75204

Washington
TruFusion Bellevue
TFO, LLC Lincoln Square South 500 Bellevue Way, Suite 230 Bellevue, WA 98004

FRANCHISE AGREEMENTS SIGNED BUT NOT YET OPENED

Alabama
Birmingham
Jake Dahn and Deanna Dahn
5425 Carrington Circle
Trussville, AL 35173

California
Greater Los Angeles
Mark Dedeaux (8 units)
11586 Capanna Rosso Pl
Las Vegas, NV 89141

Santa Clara
Apex Sports and Wellness
1691 Beach Park Blvd.
Foster City, CA 94404

Downtown San Diego
Stephen M. Loew
~~(CA location)~~ 130
Wentworth Dr.
Henderson, NV 89074

San Francisco-Financial District
Del Mar Investors ~~(2 units)~~SF 1645 Filbert
St.
San Francisco, CA 94123

~~**Apex Sports and Wellness (2 units) 1691 Beach Park Blvd. Foster City, CA 94404**~~

Colorado
Denver
Kaizen One, LLC 1887 Whitney Mesa Drive, #6966 Henderson, NV 89014

~~Mark Dedeaux (8~~

Greater Denver

Kaizen Development, LLC (6 units~~-~~
~~in California) 11586 Capanna~~
~~Rosso Pl~~
~~Las Vegas, NV 89141 Brett Cortese (7 units) 18948 W. 54th Lane Golden, CO 80403~~)
1887 Whitney Mesa Drive, #6966
Henderson, NV 89014

Missouri

Greater St. Louis

TRU STL, LLC (2 units) 7431 Washington Ave. St. Louis, MO 63130

Nevada

Centennial

TruLifestyle, LLC
10620 Southern Highlands Pkwy 110-322
Las Vegas, NV 89141

Downtown Las Vegas

Sweatmore Stressless, LLC
~~4525 Dean Martin Dr.,~~
~~Unit 710 Las Vegas, NV~~
~~89103~~2526 State Rd
Bensalem, PA 19020

Henderson

Space Monkeys, LLC~~ 4525 Dean Martin Dr~~
2526 State Rd Bensalem, PA 19020

New Jersey

Cherry Hill

TruTribe Philly, LLC (2 units)
2526 State Rd Bensalem, PA 19020

Edgewater

TruEdge NJ, LLC
Donna Gannon
901 Freemont St., Unit 519
Las Vegas, NV 89101

Jersey City

Winds Point, LLC 70 Christopher Columbus Dr., Apt 1107 Jersey City, NJ 07302

Monmouth

Donna Gannon 901 Freemont St., Unit ~~710~~519 Las Vegas, NV ~~89103~~89101

Northern New Jersey

Donna Gannon (~~10~~7 units)
~~88 Stanhope Rd.~~901
Freemont St., Unit 519 Las
Vegas, NV 89101
~~Sparta, NJ 07871~~

New York

Brooklyn
Truwellness Corp (~~6~~4
units) 211-18 33rd Rd
Bayside, NY 11361

Midtown- New York City
Karen ~~Hady (NY location) 10295 Premia Place~~Haddy
~~Las Vegas, NV 89135~~
160 Madison Ave #14B
New York, NY 10016

Queens
Truwellness Corp (2 units)
211-18 33rd Rd
Bayside, NY 11361

Pennsylvania
~~TFNoLibs, LLC (1 unit)~~
~~1150 N American~~
~~Ave.~~**Greater Philadelphia**~~,~~
~~PA 19123TruFusion~~
TruTribe Philly, LLC (~~6~~7
units~~- 4 PA locations, 2 NJ~~
~~locations) 241 South 6th St.~~)
2526 State Rd
~~Philadelphia~~Bensalem, PA ~~19106~~19020

Greater Pittsburgh
Chrissy Timko & Jason Striner (4 units)
1212 Greenhill Rd.
Pittsburgh, PA 15209

~~Mario Escobar~~
~~10645 Kinross~~
~~Ave. El Paso, TX~~
~~79935~~

~~Saulice Group, LLC (3~~
~~units) 4030 North Central~~
~~Exp.~~
~~Dallas, TX 75204~~

~~TSG Park Cities, LLC~~
~~4030 North Central~~
~~Exp. Dallas, TX 75204~~

Texas

Greater Austin
AustinTru, LLC (~~4~~3
units) 5616 1st St., Unit
#39
Austin, TX 78745

~~Workout Beunstoppable Sugarland, LLC (Texas~~
~~Location) 4525 Dean Martin Drive, Unit 710,~~
~~Las Vegas, NV 89103~~

Ft. Worth
MLTF Enterprises, LLC
175 Bearclaw Circle
Aledo, TX 76008

Houston
Strongfit Noegosallowed, LLC ~~(Texas location) 4525 Dean Martin Drive, Unit 710,~~
2526 State Rd Bensalem, PA 19020

Galleria- Greater Houston
TruHouston, LLC 6280 S. Valley View Blvd. #729/731 Las Vegas, NV ~~8910~~89118

Greater Houston
Elena Osorio & John Grossi (7 units~~, Texas locations) 4525 Dean Martin Dr.~~)
~~Unit 710 Las Vegas, NV 89103~~
2526 State Rd Bensalem, PA 19020

~~Truenergy Fitness, LLC (Texas~~
~~location) 9821 Lenox Crest Place~~
~~Las Vegas, NV 89134~~

San Antonio
TF Rim, LLC 27719 Woodway Bend Boerne, Texas 78006

Greater San Antonio
TruEdge Fitness Corp. (~~5~~3
units) 27719 Woodway Bend
Boerne, Texas 78006

Southlake
MLTF Enterprises, LLC
~~(2 units)~~ 175 Bearclaw
Circle
Aledo, TX 76008

~~**Fitness by Boris, LLC & I Want My 2 Dollars, LLC (Texas location) 6280 S. Valley View Blvd. #729/731**~~
~~**Las Vegas, NV 89118**~~

Sugarland- Greater Houston

Workout Beunstoppable Sugarland, LLC
2526 State Rd Bensalem, PA 19020

Utah

Greater Salt Lake City

Megrath Investments, LLC (4 units~~,~~
~~Utah locations~~) 291 Macsnap Ave.
Las Vegas, NV 89183

Washington

Ballard

TFO, LLC 11155 120th Ave E #100 Kirkland, WA 98033

Greater Seattle

TFO, LLC (~~10~~7 units)
11155 120th ~~**Avenue**~~
~~**NE**~~Ave E #100
Kirkland, WA 98033

Spokane

TFO, LLC 11155 120th Ave E #100 Kirkland, WA 98033

FRANCHISEES ~~THAT HAVE LEFT~~WHO EXITED THE SYSTEM ~~IN 2018~~DURING FISCAL YEAR ENDING DECEMBER 31, 2019

Nevada

Truenergy Fitness, LLC Daniel Arecco & Marjorie Shew 864-423-2736 9821 Lenox Crest Place Las Vegas, NV 89134 Centennial, Nevada: Location never opened- territory repurchased by Franchisor

Pennsylvania

TFNoLibs, LLC
Dana Spain
215-840-3369 1150 N American Ave. Philadelphia, PA 19123 Northern Liberties- Philadelphia, Pennsylvania: Location never opened- territory resold to another franchisee

TruFusion Philly, LLC
Dana Spain
215-840-3369 241 South 6th St. Philadelphia, PA 19106 Greater Philadelphia (4): Locations never opened- territory resold to another franchisee

~~**None**~~

New Jersey

TruFusion Philly, LLC
Dana Spain
215-840-3369 241 South 6th St. Philadelphia, PA 19106 Cherry Hill, New Jersey (2): Locations never opened- territory resold to another franchisee

Exhibit H

FORM GENERAL RELEASE AGREEMENT

TruFusion Franchising, LLC

FORM OF RELEASE (Current Form – Subject to Change)

TRUFUSION FRANCHISING, LLC ("we," "us," "our," or "Franchisor") and the undersigned franchisee, ("you," "your," or "Franchisee"), currently are parties to that certain franchise agreement dated (the "Franchise Agreement"). You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] ________

____

____

____

______________________________. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, our and their current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Franchisor Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties (1) arising out of or related to the Franchisor Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity that is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your transferring owners likewise grant to us the release and covenant not to sue provided above.

[Signature Page Follows]

FRANCHISOR

By: ______________________________

Title:

FRANCHISEE

By: ______________________________

Title

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Virginia	
Washington	
Wisconsin	

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.

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 TruFusion offers you a franchise, TruFusion must provide this Disclosure Document to you by the earliest of:

(1) Fourteen calendar days before the signing of a binding agreement with TruFusion in connection with the proposed franchise sale; or

(2) Fourteen calendar days before a payment is made the TruFusion in connection with the proposed franchise sale.

New York ~~and Iowa~~ require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days ~~(14 calendar days for Iowa)~~ before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding

franchise or other agreement or the payment of any consideration, whichever occurs first.

If TruFusion does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency, if any, referenced in Exhibit A.

TruFusion authorizes those agents on Exhibit A to receive service of process for TruFusion.

The name, principal business address and telephone number of the franchise sellers offering the franchise are:

☐ Caitlyn Weiss, 2240 Corporate Circle, Suite 160, Henderson NV 89074; (702) 786-0090
☐ Mike Borden, 2240 Corporate Circle, Suite 160, Henderson NV 89074; (702) 786-0090
☐ ~~Mike Calvey~~ Rusty Bridges, 2240 Corporate Circle, Suite 160, Henderson NV 89074; (702) 786-0090
☐ Kari Comrov, 2240 Corporate Circle, Suite 160, Henderson NV 89074; (702) 786-0090
☐ ____

The issuance date of this disclosure document is April ~~26, 2019, as amended August 7, 2019~~22, 2020 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

I have received a uniform Franchise Disclosure Document dated April ~~26, 2019, as amended August 7, 2019,~~22, 2020 that included the following Exhibits:

A State Administrators/ Agents for Service of Process
B Franchise Agreement
C~~Multi-Unit~~ Development Rights Rider to Franchise Agreement
D State Addenda
E Financial Statements
F Table of Contents - Operations Manual
G List of Franchisees
H Form General Release Agreement

Date	Prospective Franchisee (Name)
	Prospective Franchisee (Signature)

RECEIPT
(RETURN THIS COPY TO US)

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H Form General Release Agreement

Date ______________________ Prospective Franchisee (Name) ______________________

Prospective Franchisee (Signature) ______________________

Please execute and return this document immediately upon receipt via the method prescribed by the Franchisor.