FRANCHISE DISCLOSURE DOCUMENT

Urban Float Opportunities, LLC
A Washington limited liability company
~~11155 120th Ave NE, Suite 100 Kirkland~~14121 NE 24th St Bellevue, WA ~~98033~~98007
Phone: 206-856-6800
E-Mail: info@urbanfloat.com
Website: www.urbanfloat.com
Franchise.UrbanFloat.com

Urban Float Opportunities, LLC offers franchises for the operation of an "Urban Float" day spa that offers non-medical wellness services and products, primarily floatation therapy using sensory deprivation techniques, and related spa services for health and wellness of the body and spirit in a comfortable, elegant, and sophisticated retail location.

The total investment necessary to begin operating an Urban Float Spa ranges from $467,000 to $914,600. This includes $46,000 to $50,000 that could be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at ~~11155 120th Ave~~14121 NE~~, Suite 100, Kirkland~~ 24th St, Bellevue, WA ~~98033~~ 98007 or at 206-856-6800.

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 accountant.

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

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

Issuance Date: April 15, ~~2022~~2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with us only by mediation or arbitration in Washington. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It also may cost you more to litigate, arbitrate, or mediate with us in Washington than in your own state.

2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of the franchise and loss of your investment.

4. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

TABLE OF CONTENTS

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

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Urban Float Opportunities, LLC, the franchisor. "You" or the "franchisee" means the person who buys an Urban Float franchise, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Urban Float Opportunities, LLC is a Washington limited liability company organized on February 25, 2015. Our principal business address and registered address in the state of Washington is ~~11155 120th Avenue~~14121 NE~~, Suite 100, Kirkland~~ 24th St., Bellevue, WA ~~98033~~98007 and our telephone number is 206-856-6800. Our agents for service of process are listed at Exhibit C. We do not do business under any other name.

Business History. We began offering franchises in March 2015. We are not engaged in any business other than offering Urban Float franchises and administering the Urban Float franchise system. We ~~have~~did not previously ~~offered~~offer franchises, and do not offer franchises in any other line of business. We do not conduct a business of the type to be franchised ourselves. Our affiliate UF Retail, LLC, under common control with us, was formed in Washington in March 2014 to acquire our first spa from Float Spa, Inc., an unaffiliated Washington corporation that is now inactive. UF Retail, LLC now owns and operates our company Urban Float spa location in Renton Landing, Washington.

Parents, Affiliates, and Predecessors. We are a limited liability company; our parent is our sole member, Float Holdings, LLC, a Washington limited liability company formed on March 25, 2014. Float Holdings, LLC has never offered franchises in any line of business. Float Holdings, LLC is also the sole member of UF Retail, LLC, a Washington limited liability company that operates our company-owned retail locations.

DST Franchising LLC is under common control with us. DST Franchising LLC was formed in Washington on April 27, 2012. It maintains its principal place of business at ~~11155 120th Avenue NE, Kirkland, Washington 98033.~~14121 NE 24th St., Bellevue, WA 98007. It was formed to acquire and administer the "Desert Sun" system of franchised tanning salons and has been in that business since 2012.

We have no other parent companies or predecessors. We have no other affiliates that (i) offer franchises in any line of business or (ii) provide products or services to our franchisees.

Description of Franchised Business. Under your Urban Float franchise agreement, you will build out and operate an Urban Float day spa (referred to in this Disclosure Document as your "Spa") that offers floatation therapy and associated products and services to the general public.

Floatation therapy uses specially designed floatation equipment (e.g., a float pod) that contains a particular solution of salinated water, which creates a relaxing weightless environment. The pod allows customers to completely rest their minds and bodies while enjoying a sensory deprivation experience. Urban Float Spas use a water treatment system that fully filters each pod's water content multiple times through a filtration system between clients' floats and further sanitizes it with disinfectant.

Urban Float Spas also offer a variety of wellness products to clients, including the epsom salts used in the pods. Some of these supplements are regulated by the FDA under GRAS ("Generally Recognized As Safe") approval standards, but you do not need a medical license to dispense them.

We grant you a license to use our logos, service marks, and trademarks, including the service mark "Urban Float" (collectively, the "Marks") in operating your Spa. The "Marks" also include our distinctive trade dress used to identify an Urban Float Spa, as it now exists and as we may change it from time to time. You must sign a franchise agreement (the "Franchise Agreement") and operate your Spa in accordance with its terms. The form of Franchise Agreement is attached to this Disclosure Document as Exhibit A.

We have developed a system for the operation of an Urban Float Spa (the "System") that includes trade secrets, concept, trade dress, proprietary products and treatment therapies, a confidential operating manual (the "Manual"), and an operating system. The operational aspects of an Urban Float franchise are contained within the Manual. We expect to develop and modify our System and Manual from time to time over the first few years while we refine and expand our business model. You will operate your Urban Float franchise as an independent business using the Marks, the System, and the Urban Float name, as well as the support, guidance, and other methods and materials we provide and develop.

<u>Market and Competition</u>. The target market for Urban Float clients is especially focused on athletes, wellness-focused consumers, consumers suffering from certain types of ailments, and consumers living in a high-stress environment, all with significant disposable income. This customer base will be particularly drawn to Urban Float Spas due to the stress reduction and other health benefits associated with the products and services offered at Urban Float Spas.

Although floatation therapy has been available since the 1960s, there is not a well-established market for floatation therapy in the United States. However, we believe the United States market for floatation therapy and other alternative wellness products and services is growing rapidly. You will compete primarily with other health and wellness spas, some of which operate through franchises. There are also a few commercial facilities offering floatation therapy in the United States, such as True Rest, based in Arizona.

The Urban Float menu of services allows clients to buy packages of floats or a membership from one Urban Float Spa and to receive services at any other Urban Float Spa. As a result, you may be required to provide spa services to a client who bought his or her membership from another Urban Float Spa, even though you cannot charge for the services. You must also provide the client with any other discounted services to which the member is entitled under the terms of his or her membership agreement. Likewise, a member who buys his or her membership from your Spa may receive services at any other Urban Float Spa for no additional charge (or, if applicable, at discounted prices). At any time, we may develop a franchisee cooperation program that allows for sharing of membership fees among multiple Urban Float Spas that provide membership services to the same member.

Other risks to your business include industry developments, such as pricing policies of competitors, supply and demand, and health, safety, and regulatory issues of floatation. You should research these risks and buy insurance to cover these risks to the extent possible.

Laws and Regulations. You must comply with all federal and state licensing and other regulatory requirements that apply to the operation of your Spa. You may be required to comply with municipal and county laws and regulations governing public pool water quality for both swimming and drinking, and your managers and employees may be required to be certified as swimming pool technicians under county or state law. There may be other local, state, and/or federal laws or regulations governing your Spa with which you must comply. You may also incur additional costs associated with third-party field inspections, health department codes, and additional inspection of water facilities. We strongly suggest that you investigate these laws and any state or local health code requirements before buying this franchise.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer and Manager: Scott Swerland

Mr. Swerland has been our Manager since our formation. He has also been the CEO of SST Group, LLC, the owner of the "Seattle Sun Tan" chain of tanning salons and the "Desert Sun" franchised tanning salons based in Bellevue, Washington, since January 2004.

Chief Financial Officer: Jeff Johnson

Mr. Johnson has been CFO for us and for Float Holdings, LLC since their formation. He has also been the CFO of SST Group, LLC in Bellevue, Washington since November 2008.

Franchise Relations: Erin Laroya-Sax

Ms. Laroya-Sax has been Franchise Relations manager for us and for Float Holdings, LLC since May 2021. She has also been the Marketing Director/Franchisee Relations Manager of SST Group, LLC in Bellevue, Washington since May 2012.

ITEM 3: LITIGATION

In re Urban Float Opportunities, LLC (Case No. 19-2-28293-2, King Cty Sup. Ct., filed October 28, 2019)

To resolve an investigation by the Washington Attorney General and without admitting any liability, we entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where we agreed to remove from our form franchise agreement a provision that restricts a franchisee from soliciting and/or hiring the employees of our other franchisees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have never enforced such a provision. We agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

No other litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

You will pay a $40,000 initial franchise fee for your first franchise. If you buy three units, you will pay a discounted initial franchise fee of $99,000; if you buy five units, you will pay a discounted initial franchise fee of $150,000. The entire initial franchise fee is payable in full when you sign the Franchise Agreement for your first unit.

You must also buy your pod floatation tanks before you open your business, from an approved supplier. We have the right, but not the obligation, to provide on-site evaluation help for your Urban Float Spa location. If we provide this help, you may have to pay us a reasonable daily rate, currently $1,000 per day, along with all travel and lodging expenses.

You must buy your computer hardware and software specified by us, from us or our designee at a cost of approximately $6,000 to $10,000. This amount includes (i) a fee of $1,000 to $1,500 per Spa to configure your PC, which includes installation of the point-of-sale software we choose, and (ii) the cost of an initial license fee per Spa for the software, which you must license from us or our designee. The initial fees are not refundable and are now uniformly imposed on all franchisees.

ITEM 6: OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalty	7.5% of Gross Sales(2)	The 10th of each month for the prior month	Paid from your designated bank account by electronic funds transfer. See Note 2 for the definition of Gross Sales.
Pre-Opening Royalty(3)	$1600/month	The 10th of each month for the prior month	Due only if you fail to timely open your Spa. Paid from your designated bank account by electronic funds transfer.

Type of Fee[1]	Amount	Due Date	Remarks
Interest	Lesser of 18% per annum or highest legal rate	On demand	We may charge interest on all overdue amounts.
Overdraft/ Service Charges	The greater of $100, or our actual cost	On demand	If any check or draft is not paid by your bank, you reimburse us for service charges or other expenses we incur as a result.
Additional and Remedial Training[4][5]	$1000/day plus costs	Before additional training	We may charge for additional and remedial training programs and for training replacement and successor personnel.
Conference Fee[6]	Up to $2000 per Spa, subject to increases for inflation, once per year.	Before conference	If we hold an annual meeting for our franchisees, you must attend, and pay the fee which will represent our out-of-pocket costs of hosting the meeting. We will refund a portion of the fee, currently $500, to you when you attend.
Customer Satisfaction Program	$10.00 per week per Spa, subject to supplier increases	As arranged	You subscribe to a "mystery shopper" program with our approved supplier within 90 days of opening (see Item 8.) This is the current fee to the supplier and payment to the individual shopper. You pay our supplier directly. We may in the future change our customer satisfaction program.
Software Support and Technology Fee[7]	$550/month per Spa for software development, support and technology	The 10th of the month	See Item 11. Starting when you open business, for POS system, mobile app development, automation projects, etc. We may require you to pay us by electronic funds transfer. It may increase with our underlying costs to vendors.
Transfer Fee	$15,000	When billed	No charge if the transfer is to an entity that you control.
Renewal Fee	$5,000	When billed	You must give us at least 6 months' and not more than 9 months' notice to renew.

Type of Fee[1]	Amount	Due Date	Remarks
Supplier Testing	$20-$1,000	When billed	If you choose a supplier we have not approved, we may charge you our actual costs to test samples of your products and supplies.
Inspection Remediation	$100-$2000	When billed	If you fail to correct deficiencies noted on inspection, we may do so and bill you for our actual costs.
Audit Fee	Cost of audit, if applicable	When billed	Payable only if you have failed to file reports or an audit shows that you have understated any reported amount by 2% or more.
Insurance Fee	Actual cost plus 10%	When billed	Payable if you do not maintain the required insurance and we obtain it for you.
Indemnification Costs	Varies according to loss	On demand	You must indemnify us when certain of your actions result in loss to us and when we incur a loss based on the use of our prototypical architectural and design plans and specifications.
Liquidated Damages	If your Franchise Agreement is terminated in the first 12 months of operation, you must pay liquidated damages in the amount of $30,000. If the agreement is terminated after the first 12 months of operation, you must pay liquidated damages equal to (a) the average of monthly royalties paid for the two years before termination (or if you have been operating your Spa for less two years, the average for the months you operated the Spa), (b) multiplied by the lesser of (i) 24 or (ii) the number of months remaining in the term of the agreement.	Within 5 days after termination of the Franchise Agreement due to your default	Liquidated damages are only required if your default results in termination of the Franchise Agreement. Our right to receive liquidated damages does not limit our ability to recover other amounts due under the Franchise Agreement and to otherwise seek damages or equitable relief for defaults by you under the Franchise Agreement.

NOTES:

(1) All fees are imposed by and are payable to us except as noted above. All fees are non-refundable and uniformly imposed on franchisees. You must sign an ACH Authorization Form (attached to the Franchise Agreement as Exhibit 3), allowing us to debit your designated bank account electronically for payment of all fees (other than the initial franchise fee) and any amounts that you owe to us or our affiliates for goods or services. You must deposit all Gross Sales into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed on us or that we must collect and pay by reason of furnishing of products, intangible property (including trademarks), or services to you.

(2) "Gross Sales" means all gross sums that you collect for all goods and services that you sell, plus all other sums that you derive from the operation of your Spa, including the proceeds of any business interruption insurance and the redemption value of gift cards processed in your Spa. "Gross Sales" does not include (a) sales or use taxes; (b) returns to shippers or manufacturers; (c) proceeds from isolated sales of trade fixtures that are not products and services offered for resale; (d) refunds, adjustments, or credits you provide to customers; (e) payments you receive from your customers for insufficient checks and rejected/denied credit card charges, but Gross Sales may not be reduced by the amount of any penalties, charges, or fees charged by banks or credit card companies for an insufficient funds check or other denied credit; (f) proceeds received from the initial sale of gift cards; and (g) any other items that we may expressly authorize in writing to be excluded from Gross Sales. However, we may revoke or withdraw such permission at any time in writing in our discretion.

(3) Royalties are due starting when you open your Spa. However, if you do not open your Spa within twelve months after you sign the Franchise Agreement, and we agree to extend your time for opening, you will owe a Royalty of $1600 per month thereafter until you open your Spa.

(4) We will provide our pre-opening initial training program for your owners and initial manager(s) at no additional charge at our location. We may charge for all other training that we provide, including: (i) initial training to new owners or managers after you open your Spa; (ii) mandatory refresher or advanced training to your owners or employees during the term; or (iii) additional training that you request. We may require that your Managing Owner (defined in Item 15) attend up to two refresher or advanced training courses each calendar year. You are responsible for all expenses and costs that the trainees incur for training, including wages, travel, and living expenses. See Item 11 for additional information on training.

(5) At your request, we may, but need not, provide on-site training or assistance at a mutually convenient time. If we do, you must pay us the Training Fee (currently $1,000 per day, subject to annual increases estimated at the percentage increase in the U.S. C.P.I. – All Urban Consumers since the prior increase) and reimburse us for our reasonable expenses of providing the training or assistance, including travel and living expenses.

(6) We may hold national or regional conferences to discuss business and operational issues affecting Urban Float Spas. You must attend at least one of these conferences per calendar year.

You are also responsible for all expenses and costs that your conference attendees incur, including wages, travel and living expenses. Failure to comply constitutes a default under the Franchise Agreement.

(7) You must use our designated point-of-sale software program to help you administer and operate your business. We may develop proprietary or customized software in the future that must be used by Urban Float Spas, in which case you must pay us reasonable initial and ongoing licensing, support and maintenance fees (which will be included in our then-current Software Support and Technology Fee). We also reserve the right to enter into a master license agreement with other software or technology suppliers and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology (these amounts would be added to the Software Support and Technology Fee).

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure(1)	**Amount**		**Method of payment**	**When Due**	**To Whom payment is to be made**
Initial Franchise Fee (2)	$40,000	$40,000	Lump sum	On signing Franchise Agreement	Us
Architect Design Costs and Space Layout(3)	$10,000	$30,000	Lump sum	As arranged	Architect, Vendors
Prepaid Rent and Security Deposit (4)	$16,000	$60,000	Lump sum	At lease execution	Landlord
Leasehold Improvements (5)	$210,000	$450,000	As arranged	As arranged	Contractor, Suppliers
Furniture, Fixtures and Signage (6)	$20,000	$30,000	As arranged	As arranged	Suppliers
Float pods and related equipment (7)	$115,000	$175,000	As arranged	As arranged	Supplier
Field Inspections (8)	$8,000	$20,000	Lump Sum	As arranged	Regulatory Agencies
Computer Hardware and Software (9)	$6,000	$10,000	As arranged	As arranged	Suppliers/Us or our designated supplier

Type of expenditure[1]	Amount		Method of payment	When Due	To Whom payment is to be made
Initial Inventory of Solutions, Salts and Supplies [10]	$10,000	$15,000	As arranged	As arranged	Suppliers/ or Us
Professional Services [11]	$1,000	$3,000	As arranged	As arranged	Attorneys, Accountants
Utility Deposits and Permits [12]	$1,000	$2,000	As arranged	As arranged	Suppliers
Grand Opening and Opening Advertising [13]	$10,000	$10,000	As arranged	As arranged	Suppliers
Initial Training [14]	$1500	$3000	As arranged	Upon attending training	Hotels, Airlines, Etc.
CCTV [15]	$2,500	$3,600	As arranged	As arranged	Suppliers
Insurance Down Payment [16]	$1,000	$3,000	As arranged	As arranged	Suppliers
Additional Funds – For Initial 3-Month Period [17]	$15,000	$60,000	As arranged	As needed	
TOTAL[18]	$467,000	$914,600			

NOTES:

These estimates are based on our experience with our approximate costs for our Seattle-area stores, for four- to six-pod stores, and are not necessarily representative of all markets.

(1) We do not currently offer direct or indirect financing for any of these items, but may offer such financing in the future. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) The initial fee is $40,000 for a single Spa. We discount this fee for additional Spas: $99,000 for three Spas, or $150,000 for five Spas. All investment costs relate to the costs for a single Spa.

(3) Urban Float Spas are typically located in commercial shopping centers. These estimates are for build-out of a single Spa at a new center. Costs of renovating space in an existing shopping center could differ significantly. These estimates assume that your landlord will provide electrical,

gas, and water connection locations and sewage services sufficient for six pods and consistent with the architectural specifications that we provide in the Manual or on your request. The minimum assumes a finish-out allowance from the landlord of $20 per square foot. The maximum estimate assumes no landlord contribution towards finish-out and higher labor costs in unionized markets. If your site does not have adequate electrical power and water capacity needed to operate the Spa, you may incur additional costs to provide sufficient electrical power and water to the site, which is not included in these estimates. Leasehold improvement costs will also be affected by local market conditions, including labor costs.

(4) These figures presume that you will lease your premises. Your lease cost will vary with the size of the space, its location, landlord contributions, and the requirements of individual landlords. We expect that your rent will range from $4,000 to $15,000 per month, but your actual rent may be above or below this range depending on your area and local market conditions. The total estimated initial investment shown above includes three months' rent plus a security deposit. Some franchisees prefer to own the premises for their Spa. The cost to buy a facility varies so widely that we cannot reasonably estimate it.

(5) The cost of leasehold improvements and build-out vary widely based on a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements, and whether the landlord will contribute to the cost of the improvements. See Item 11 for additional information regarding the requirements for your Spa facility. For purposes of this estimate, we have assumed a 1500-3500 square foot space.

(6) Fixtures includes the costs and installation of furniture, millwork, cabinetry, and shelving, other than the cost of float pods and related equipment and computer systems. Signage costs include estimated costs of both outdoor and indoor signage, including logo.

(7) The costs for floatation, water purification, shower equipment, and related equipment are based on a four to six-pod Spa. The estimate assumes you will buy the pods. The estimate does not include financing costs. You must also buy your pod floatation tanks before you open your business, from an approved supplier.

(8) State and/or Local Regulation Agencies (i.e. Health Department, etc.) may impose specific regulations on the float pods and their permitted use (such as field evaluations for inspections, health department codes, additional inspection of water facilities). This may result in additional costs associated with regulations and inspections which cannot be known but are estimated for this presentation. We strongly suggest that you investigate these laws and any local/state health code requirements before buying this franchise.

(9) It includes the cost of the computer hardware and software chosen by us, including a point-of-sale computer system with appropriate software and data transmission equipment. This estimate includes the PC configuration fee ($1,000-$1,500 per Spa), the Software Support and Technology Fee for your first three months($1,650), and ongoing high-speed internet service or SDSL with a static IP address ($150-$300 per Spa) for your first three months.

(10) These amounts represent the estimated cost of an initial supply of salts, cleaning chemicals, earplugs, soaps, related skin care products, and solutions and supplies (e.g., towels, dispensers).

(11) You may need professional services (attorneys, consultants, architects, accountants) in establishing your Spa. These amounts can vary widely, depending on the extent of the services required.

(12) You may need to pay permit fees and utility deposits in establishing your Spa. These amounts can vary, depending on your municipality.

(13) During the period from 30 days before your opening through 60 days after opening, you must spend at least $10,000 on local advertising and other marketing activities to promote your Spa. After your grand opening period, you must spend at least 5% of your quarterly Gross Sales on local marketing.

(14) These estimate the average costs of transportation, food, and lodging for 1 to 2 people to attend our initial training program.

(15) We require that you install closed-circuit television with cameras in the front counter and lobby, and allow us access to the camera feed at any time. We also require that you grant us access to all security information, feeds, and systems.

(16) This amount estimates the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies, and you must give us proof of insurance within 30 days after you obtain the insurance and before you open for business. Your cost of insurance may vary depending on the insurer, the location of the Spa, the value of the equipment and improvements, and your claims history. We estimate that your total annual insurance costs for your first year of operation are $5,000 to $10,000.

(17) You may have additional costs in starting your Spa. Your actual costs will depend on your management skills; time of year you open; local economic conditions; the local market for the Spa's services and products; the prevailing wage rate; and competition. You should base your cost estimates on the expected costs in your market and consider whether you will need additional cash reserves. During your first months of operation, you should expect to lose money until you build a membership base large enough that EFT receipts from members, when combined with cash receipts from non-EFT and other services and product sales, provide positive cash flows from operations. These figures are estimates, and you may have additional expenses starting your Spa.

(18) We relied on our principals' experience in developing and operating Spas to compile these estimates. These figures are just estimates for a four- to six-pod spa located in the Seattle area, and we cannot guarantee that you will not have higher costs, or that you will ever achieve profitability. We strongly recommend that you obtain independent estimates on your expected cost to build, open, and operate your Spa.

We do not offer financing for any part of your initial investment. None of the fees and expenses described above is refundable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must buy or lease from us, our affiliates, or our specified vendors, or in accordance with our specifications, most or all of the products, services, supplies, fixtures, equipment, inventory, marketing, technology, and real estate you use in your Urban Float Spa, including the following:

Flotation Pods and Equipment. Your floatation pods for your Spa must be from one of our approved manufacturers. You must also buy your water purification/production equipment from one of our approved suppliers.

Salts and Spa Products. You must buy all salts and spa products offered and sold to your customers only from ~~us or~~ our approved suppliers. We will provide specifications and allow you to purchase them from a supplier that meets those specifications.

Computer Hardware, Software and PC Configuration. You must buy your computer hardware through us or our designee and license the software chosen by us~~,~~ and must use us to install the software and otherwise configure your PC.

EFT Services. To help you develop a consistent customer base, you must offer floatation sessions using EFT or similar service agreements that we specify. You must use service agreements that allow you to debit your customers' accounts electronically for the membership fee, and you must use us to provide electronic fund processing services.

Customer Satisfaction Program. To help measure customer satisfaction and for quality control purposes, we may use, and you must participate in, a program provided by a third-party vendor who performs "mystery shops" from time to time at each Spa. We may change the approved supplier. This vendor arranges for people to visit your place of business anonymously to observe conditions and behaviors that we specify and to provide a score, impressions, and reactions. They report to both you and us. We may modify or terminate the programs, change the vendor, or replace the program at any time.

If we have approved suppliers for any item, you must obtain the item from our approved suppliers. Approved suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing, and whom we have not later disapproved. We may change the number of approved suppliers at any time and may designate ourselves, our affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from approved suppliers in respect of your purchases.

Site Selection and Construction. You must locate a site for the Spa that you reasonably believe conforms to our site selection criteria. You must use one of our approved leasing agents to help you locate a suitable site. You must obtain our written approval of the site before you acquire it, and of any contract of sale or lease for the Spa before you sign it. We may object to a lease if you and the landlord do not sign an addendum to the lease that provides substantially the same terms contained in Exhibit 5 to the Franchise Agreement. You must adapt our prototypical architectural and design plans as needed to build your Spa. We have the right to review your plans and will notify you of our approval within 15 days after we receive them. If we do not notify you of our approval within that time, you may not use the plans. If we object, we will give you a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not approve of your revised plans within the 15-day period, you may not use the revised plans.

Advertising and Promotional Materials. All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them. You must submit any unapproved plans and materials to us, and we will approve or disapprove them within 20 days after we receive them. You must promptly stop using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so. To obtain a lower purchase price, we order some of these materials in bulk quantity and prepay the cost; you will reimburse us our prepayment for your purchases.

Insurance. You must obtain and keep insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense related to or connected with the operation of the Spa. These policies must be written by responsible insurance carriers acceptable to us. At minimum, you must carry (i) comprehensive general liability insurance, including project aggregate, with coverages for broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, medical payments, products liability, errors and omissions, and fire damage coverage in the amount of $1,000,000 per occurrence, $2,000,000 aggregate of any greater amounts that your lessor requires; ; (ii) Medical payments with a limit of at least $5,000; (iii) Errors & Omissions (professional liability) with a limit of at least $1,000,000; (iv) "All Risks" coverage (including glass coverage) for the full replacement cost of the Spa and all other property in which we may have an interest; (v) an "umbrella" policy providing excess coverage with limits of not less than $2,000,000; (vi) workers' compensation insurance in amounts required by applicable law or, if permissible under applicable law, employers liability insurance with minimum limits of $1,000,000/1,000,000/1,000,000; (vii) business interruption insurance with coverage for at least twelve (12) months for actual losses, and (viii) any other insurance required by the landlord or by your Spa's state or locality. Policies must name us, our affiliates, successors, and assigns, and directors, officers, members and managers as additional insureds. You must obtain the insurance no later than the date that you sign the lease for the Spa or 90 calendar days before the Opening Date, whichever is earlier, and you must provide us with proof of insurance within 30 calendar days before you open the Spa.

Commented [JJ1]: Margaret- Can you add language to require we and all of our affiliates, Directors, Officers etc are named as additional insureds on insurance policies to help protect us against law suits against a franchisee where everyone possible is named?

Supplier Approval. If we require you to buy an item from an approved supplier, and you wish to buy from a supplier we have not approved, or if we require you to use a particular item or brand of equipment, and you wish to substitute a different item or brand, you must first send us a written request for approval. You must not buy or lease the item unless we have approved the item and/or the supplier in writing. We have the right to inspect the supplier's facilities and to have samples from the supplier delivered to us or to an independent laboratory we choose for testing. We may require you or the supplier to pay our actual expenses of this inspection and testing. As a condition of our approval of a supplier, we may require that the supplier (i) agree to sell any product bearing the Marks only to our franchisees and (ii) otherwise comply with our reasonable requests. We may re-inspect the facilities and products of any approved supplier and may revoke our approval if the supplier fails to continue to meet any of our then-current criteria. We are not required to approve any particular supplier or to notify you of our approval or disapproval within any specified period of time, but expect to notify you of approval or disapproval within thirty days after receipt of any requested materials. Our specifications and criteria for supplier approval are generally issued through written communications and in our Manual are available to franchisees and approved suppliers.

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. On your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation. but cannot be described in writing.

We currently require that you buy or lease the following goods that must meet our specifications: floatation tanks, water purification/production equipment, inventory, computer system and software, marketing materials, and insurance policies. With the exception of your insurance policies, you may buy these items only from approved or designated suppliers. We may require you to buy additional source-restricted items in the future. We estimate that 40-50% of the total costs of establishing your Spa and 20% of your ongoing operating expenses will be source-restricted goods or services.

We may in the future designate ourselves or an affiliate as an approved or designated supplier for other items.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. If you buy your pods from us, we will make a reasonable profit on its wholesale purchase and retail sale of pod floatation tanks. When we receive these payments, we will use them for any business purpose in our sole discretion. We may attempt to negotiate relationships with suppliers to enable our franchisees to buy certain items at discounted prices (either directly from the supplier or from us through volume purchases). If we succeed, you will be able to buy these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). There are no purchasing cooperatives although we may establish one or more in the future. Except as described in this paragraph, you do not receive any material benefits for using designated or approved suppliers.

In the fiscal year ended December 31, 2022~~2021~~, our affiliate (UF Retail LLC) received $~~3,087~~0 from franchisees for purchases of product, float pods and related equipment and $0 as a result of franchisee purchases from designated or approved suppliers. This would have been ~~1.9~~0% of our total 2022~~2021~~ revenue of $~~162,721~~183,039.

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 other items in this Disclosure Document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Sections 1.2, 6.1, 6.2 and 7.2	Items 11 and 12
b. Pre-opening purchases/leases	Sections 6.1, 6.2, 7.1, 7.2, 7.3 and 8.4	Items 5, 7 and 8
c. Site development and other pre- opening requirements	Sections 6.1 and 6.2	Items 6, 7 and 11
d. Initial and ongoing training	Section 6.3	Items 6, 7 and 11
e. Opening	Sections 1.2(D), 2.2 and 6.8	Item 11
f. Fees	Sections 3.2, 5, 9.1, 10.3, and 14.2	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Sections 1.2, 2.2, 4.2, 6.4, 6.6, 6.7, 7,1, 7.3, 7.4, 8.7 and 9.3	Item 11
h. Trademarks and proprietary information	Sections 1.1, 4, and 12.1	Items 13 and 14
i. Restrictions on products/services offered	Sections 1.3, 2.1, 2.2, 7.1, 8.1 and 8.4	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.2, 15.2 B(12)	Not Applicable

k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 8.4 and 10.3	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3.2, 6.2, 7.3, and 7.4	Items 6 and 17
n. Insurance	Section 10.4	Items 6, 7 and 8
o. Advertising and Marketing Fund	Not applicable	Not applicable
p. Indemnification	Section 11.2 and Exhibit 4 of Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	Sections 6.3 and 8.6	Item 15
r. Records and reports	Sections 10.1 and 10.3	Item 11
s. Inspections and audits	Sections 8.2 and 10.2	Items 11
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 3.2	Item 17
v. Post-termination obligations	Sections 12, 13 and 15.4	Item 17
w. Non-competition covenants	Sections 12.2 and 13	Item 17
x. Dispute resolution	Section 16	Item 17

y. Other: Guarantee of Performance	Section 2.2B. and Exhibit 4 of Franchise Agreement	Item 15

ITEM 10: FINANCING

We do not currently offer direct or indirect financing. However, we may offer such financing in the future. We do not guarantee any of your notes, leases or obligations.

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

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

Pre-Opening Assistance

Before you open your Spa, we will:

1. License you the Marks necessary to begin operating your Spa. (Sections 1.1, 4.1)

2. Give you prototype plans and specifications for a Spa that you may adapt to your space. (Section 6.2)

3. Review the location, build-out and design of your Spa. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4)

4. Provide access to you one paper or electronic copy of the Manual, which will help you establish and operate your Spa. See Section below entitled "Manual" for additional information. (Section 6.4)

5. Give you specifications for the goods and services you must buy to establish and operate your Spa and a list of approved and/or designated suppliers for them. (Section 6.6)

6. Consult with you on your Urban Float spa marketing plan and advice on using it in your local market). See Section below entitled "Local Advertising" for additional information. (Section 9.1)

7. Give you an initial training program. See Section below entitled "Initial Training Program" for additional information. (Section 6.3)

Before you open your Spa, we may, but are not required to:

1. Provide one day of on-site assistance relating to the opening of your Spa at no charge for our representative's time; you must pay our representative's travel expenses. See Section below entitled "Initial Training Program" for additional information. (Section 6.3)

Typical Length of Time Before Operation. We will authorize you to open your Urban Float Spa when you have (i) met all of your pre-opening obligations, (ii) completed pre-opening training to our satisfaction, (iii) paid all amounts due us, (iv) delivered copies of all insurance policies (and paid premiums) and other required documents to us, (v) received all permits, and (vi) we provide our written approval of the construction, build-out and layout of your Spa. You must open your Spa within twelve months after you sign the Franchise Agreement. In certain instances, and in our sole discretion, we may extend the opening time an additional three (3) months. After twelve months, you begin paying us a pre-opening Royalty of $1600/month, due the 10th of each month. We expect that a typical franchisee will open his or her Urban Float spa within twelve months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed delivery and/or installation of equipment and fixtures, weather conditions, completion of training, obtaining insurance, and complying with local laws and regulations.

Our Obligations During the Operation of the Franchised Business

During the operation of your Spa:

1. We will specify or approve certain equipment and suppliers to be used in the franchised business (Franchise Agreement, Sections 6.6 and 7.1).

2. We will provide additional training to you and any of your employees at your request at our then-standard fees. (Franchise Agreement, Section 6.3).

3. We will give you advice and written materials, by way of the Manual, containing techniques for operating your Spa. (Franchise Agreement, Section 6.4)

4. We will give you any local or national marketing material that we have developed. (Franchise Agreement, Section 9.1).

5. We will maintain an Internet website and other social media presence that will include a list of all of the Urban Float franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Franchise Agreement, Section 9.2)

6. We will give you updates for use of any proprietary or other software programs we develop or acquire for use by Urban Float Spas as described above under our Pre-Opening Obligations. (Franchise Agreement, Section 10.3)

7. Periodic, but no less than annual, inspections and evaluations of your operations, conducted remotely or on-site at our discretion. (Franchise Agreement, Sections 8.2, 10.2.)

During the operation of your Spa, we may, but need not:

1. Develop new supplements, inventory items, therapies, treatments and other services for an Urban Float Spa. (Franchise Agreement, Sections 6.4, 6.5)

2. Negotiate agreements with suppliers to buy certain items at volume-discounted prices and resell them to you in exchange for our cost to acquire and ship the items to you plus a reasonable markup. See Item 8 for additional information. (Franchise Agreement, Section 8.4)

3. Provide you with a webpage for your Spa that will be linked to our website.

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Urban Float spas, including industry changes, new services and/or merchandise, marketing strategies and the like. See Item 6 for additional information. (Section 6.3)

5. Provide on-site training or assistance at your Spa on your request. See Section below entitled "Ongoing Training" for additional information. (Section 6.3)

6. We may institute various programs for auditing customer satisfaction and/or other quality control measures (Franchise Agreement, Section 8.2).

7. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you, and charge a reasonable fee for our administrative time and expense. (Franchise Agreement, Section 10.4)

Marketing. You must spend at least 5% of your Spa's quarterly Gross Sales on marketing. We may reallocate your local marketing expenses individually or to a cooperative. in your area. We do not otherwise require you to contribute to a marketing fund. We have the right to direct all marketing programs, including the creative concepts, materials, and media used in the programs.

Local Marketing. You must participate in certain local marketing programs; you may include this cost in your required local marketing expense. We may revise, substitute, or eliminate any of the programs at any time.

You must submit reports on your local marketing expenses to us within 30 days after the end of each calendar quarter. Your local marketing expenses do not include: (i) incentive programs for your employees or agents; (ii) charitable, political, or other contributions or donations; (iii) in-store fixtures or equipment; or (iv) grand opening expenses.

All marketing and promotions that you place in any medium must be conducted professionally, conform to our standards and requirements, and be preapproved by us, as described in Item 8. We strictly control the ability of our franchisees to maintain their own websites and to market their Urban Float spas on the Internet and on social media sites. As a result, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or market on the Internet or any other public computer network (including social network services and social media sites such as Facebook, Twitter and Instagram) in relation to your Spa, except as we specifically authorize or require. If we allow or require you to market online or through social media sites, you must strictly comply with all policies and procedures that we specify, including any social media policy that we implement. You may not market, promote, post, or list information relating to the Spa on the Internet or in social media (through the creation of, or participation in, a Website (including Facebook) or otherwise), unless we decide to include information about your Spa on our Website or other social media accounts. (See Item 16).

Grand Opening. You must carry out a grand opening promotion for the Spa in accordance with our standards. You must spend at least $10,000 on the Spa's grand opening promotion and report your expenses to us.

Other Promotions. You must participate in promotional programs and contests, which may require you to buy reasonable point-of-sale marketing and other promotional material, and participate in promotional programs and contests that may offer free or discounted floatation services to personnel of organizations that we sponsor, gift certificates, consideration for completing a survey, and similar concessions.

Computer and Electronic Cash Register Systems. You must purchase, use, and maintain, at your expense, a computer system that meets our specifications. At a minimum, you must have (i) two computers, each with equipment and capabilities meeting our standards and specifications for, among other things, processing speed, Internet connectivity, memory, keyboard and monitor, and the software program chosen by us (described below); (ii) a printer meeting our standards; (iii) a cash drawer; (iv) a receipt printer; (v) a copy of a software manual specific to the software chosen by us; and (vi) a minimum of two iPads. Your computer system must also include a broadband internet connection allowing direct access and communication between our and your computer systems and other computer hardware, all of which we will designate and approve. We will have the right to access and use the information stored on your computer in any manner we deem appropriate. There is no contractual limitation on our right to independently access the information on your computer system. If you breach your Franchise Agreement, we may suspend your access to some or all of (i) referrals of customers from Web sites, social media, or otherwise; (ii) the customer information and all or any portion of the electronic cash register systems/point-of-sale systems; and (iii) any other computer systems used to operate the Spa, until you cure the breach to our reasonable satisfaction. You must buy the items described in this paragraph from us or our designated supplier. We estimate that the cost of the computer system and related items described in this paragraph will be approximately $6,000 to $10,000. This amount includes (i) a fee of $1,000 to $1,500 per Spa to configure your PC, which includes installation of the software, and (ii) a software license fee per Spa for our designated point-of-sale software, which you must license from the vendor.

We may require you to upgrade or update your computer system or software from time to time to keep pace with changing technology. The Franchise Agreement does not limit the cost or frequency of these updates. We will install software on your computer system at the time of configuration to allow us to communicate with your PCs.

You will use the software we choose to provide point-of-sale support, inventory control, membership monitoring, and marketing. This software also tracks revenues and hourly employee information. You will license the software from us. The software license agreement requires us to provide updates to the software at no additional charge and certain software support and requires you to pay us a monthly Software Support and Technology Fee, which is now $550 per month per Spa, starting when you open. This fee is subject to change.

Except as described above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Except as described above, there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system.

Initial Training Program. We will provide an initial training program for your owners and initial managers. We intend to provide the initial training at our retail site in the Seattle area, Washington and at our corporate headquarters, although we may change the training location in our discretion. The training requires approximately five days to complete. We may also provide one day of on-site training at your Spa before you open, at no charge, but you will pay travel expenses. We intend to offer the initial training program on an as-needed basis, but no more often than once per month.

As of the date of this Disclosure Document, our initial training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training (See Note 1)	Hours of On-the Job Training (See Note 1)	Location
Phase 1 – Orientation, including the following subjects: -Operations -Staff Training -Marketing Strategy -IT/Billing -Finance -Development/Timeline -Tools/Key Vendors	16	0	Our headquarters or a classroom location near your Spa, at our discretion
Phase 2 – On the Job Training at Franchise Training Salon, including the following subjects: -POS Training -Sales/Packages -Customer Care -Spa Tour -Equipment and Maintenance -Operating Manual -Salts and Supplements -Equipment Maintenance -General Policies and Procedures -Opening and Closing Procedures -Interviewing and Hiring	0	24	Our headquarters or a classroom location near your Spa at our discretion

Subject	Hours of Classroom Training (See Note 1)	Hours of On-the Job Training (See Note 1)	Location
Total Hours	**16**	**24**	

For the classroom training, the training materials will consist of the Manual.

The training program, operations manual and system standards are intended to protect and maintain the brand of the system, and not to control the day-to-day operation of the franchise business.

We may but are not required to provide one day of on-site training at your Spa before you open. This training will focus on operating procedures and the appropriate use of the equipment, including the float tanks and water purification system. We do not charge for our trainer's time You must pay our travel costs incurred for this training. You may choose to take additional days of on-site training at your site at a cost of $1000 per day plus our travel expenses.

All training will be conducted by Scott Swerland, our CEO, who is majority owner of UF Retail, LLC, and an operator of an Urban Float spa in the Seattle area. We may hire additional or substitute instructors from time to time.

The Managing Owner and all of your managers must successfully complete the initial training program to our satisfaction before you open your Spa. If the Managing Owner or a manager fails training, he or she must retake the training program until successful completion. We do not charge you a separate fee for the initial training program, regardless of how many people attend. However, if an owner or employee must complete our initial training program after opening (for example, a new owner or manager), we can charge a Training Fee, currently $1,000 per day. We do not charge you for any of the training materials. You are responsible for all costs that your owners and employees incur while attending training, including their compensation, travel, meals and living expenses. We estimate that these costs will range from $1500 to $2500.

Ongoing Training. To maintain the uniformity and high standard of goods and services provided at Urban Float spas or to change these goods and services, we may provide periodic refresher or advanced training programs. Your Managing Owner must attend these training programs, but we will not require that the Managing Owner attend more than two mandatory training programs during any calendar year. We may charge a Training Fee, currently $1,000 per day. You are responsible for all costs that your owners and employees incur while attending training, including their compensation, travel, meals and living expenses.

From time to time, you may request that we visit your Spa to provide additional on-site training or assistance. We are not required to provide this training or assistance, but if we agree to do so, you must pay us the Training Fee and reimburse us for the costs we incur, including travel, meals and living expenses.

Confidential Operating Manual. On signing a confidentiality agreement, you may view a copy of the Manual before you sign the Franchise Agreement. After you sign the Franchise Agreement, we will give you access to our Manual for the term of your franchise, which may be in part or exclusively electronically accessed. The contents of the Manual are proprietary, and you must treat it as confidential. You may not make any copies of the Manual. The Manual may include, among other things: (i) a description of the authorized goods and services that you may offer at your Spa, including treatments, therapies, supplements and other merchandise and retail items; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Urban Float Spas; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Spa premises; and (v) a written list of goods and services (or specifications for goods and services) you must buy for the construction, development and operation of your Spa and a list of any designated or approved suppliers for these goods or services. All mandatory provisions contained in the Manual are incorporated into and considered part of the Franchise Agreement. The Manual is confidential and remains our property. We may modify the Manual on 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement.

Site Development. An Urban Float Spa will range in size from 1500 to 3500 square feet and will include: (i) 4 to 8 floatation rooms (each with its own tank and shower); (ii) a room for the water treatment/production equipment; (iii) an entry and reception area; (iv) restroom facilities; (v) an office area (which may be part of the reception area); and (vi) an area for storage and personal belongings.

You must locate and obtain our acceptance of the premises from which you will operate your Spa within 120 days after your sign the Franchise Agreement. The premises must be located within the geographic area identified in Exhibit 1 to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to accept or deny a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed denied if we fail to issue our written acceptance within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators.

We do review the terms of your lease, but we do not typically own the premises that are then leased to a franchisee. If you will lease the premises for your Spa, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as Exhibit 5. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Spa. You and the landlord must sign the lease and Lease Addendum within 60 days after we approve your location.

After you buy or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. You must also install the equipment, fixtures, signs and other items that we require. Before you open, we must approve the build-out and layout of your Spa. You must remodel and make all improvements and alterations to your Spa that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost of these remodeling obligations, but we will not require that you engage in significant remodeling (defined as a remodeling project that is expected to cost more than $10,000) more than once during any five-year period, except as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior approval.

If you fail to locate a site, obtain our acceptance of your site, sign a lease and/or complete construction within the required periods of time, we may terminate your Franchise Agreement. However, we reserve the right to extend these time periods on a case-by-case basis in our reasonable discretion.

Local Marketing (Sections 5.4, 9.1, 9.2, and 9.3)

You must spend at least 5% of your quarterly Gross Sales on local marketing. Any Cooperative Contribution that you pay will be credited towards this requirement. You must participate at your own expense in all promotional and marketing programs that we require.

We will consult with you on an initial marketing plan for your Spa. We will work cooperatively with you to customize our standard marketing plan for your market. Before you open your Spa, we will make available to you an initial supply of content for approved promotional materials, which you may replicate and modify with our prior approval. Throughout the term of your franchise, we will develop and produce additional marketing materials that you may use. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the term of your franchise on an as-needed basis.

You will also have an opportunity to create marketing materials for your own use, provided we approve it in advance. You may not use any marketing materials that we have not approved. You must submit to us any marketing materials that you prepare or modify, and we will have 20 days to review and either approve or reject the materials. Our failure to approve any marketing materials within the 20-day period will constitute our disapproval of the materials.

Again, we strictly control the ability of our franchisees to maintain their own websites and to market their Urban Float spas on the Internet and on social media sites. As a result, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network (including social network services and social media sites such as Facebook, Twitter, and Instagram) in relation to your Spa, except as we specifically authorize or require. If we allow or require you to market online or through social media sites, you must strictly comply with all policies and procedures that we specify, including any social media policy that we implement.

Marketing Cooperatives (Section 5.4 and 9.3)
We may, but need not, designate any geographic area in which two or more Urban Float Spas are located for a marketing cooperative ("Cooperative") for the benefit of all Urban Float Spas located within a particular region. We have the right to determine the geographic territories and market areas for each marketing cooperative. Generally, the boundaries of a marketing cooperative will coincide with market areas or municipal boundaries. If your franchise is located within a region subject to an advertising cooperative, you are automatically a member, must sign its governing documents, and must participate in the Cooperative by contributing the amounts required by its governing documents, up to the amount you would otherwise be required to spend on local advertising. You must give the Cooperative and us all statements and reports that we or the Cooperative may require.

The amount of the Cooperative Contribution may be adjusted (or temporarily suspended) on the majority vote of all franchisees in the cooperative. Any Urban Float Spa that we own will have the same contribution obligations and voting power as third-party franchisees. Any Cooperative Contribution that you pay will be credited against your 5% minimum local marketing commitment. "Cooperative Contributions" may not be imposed uniformly on all franchisees within the marketing cooperative, as agreements signed later may have different terms. We will collect the Cooperative Contributions and remit these fees to the applicable marketing cooperative, unless we administer the cooperative ourselves. We may require that we administer any cooperative, and in such a case, the cooperative may pay us up to 15% of its revenues for administration costs, at a rate no higher than fair market value.

If we implement a marketing cooperative in a particular region, we may establish a marketing council to self-administer the marketing cooperative. You must participate in the council according to its rules and procedures and abide by its decisions. Any Cooperative must be organized and governed as we determine, and we may change, dissolve, or merge the Cooperative at our discretion. We may require that marketing cooperatives operate from written governing documents and prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the marketing cooperative on request. We reserve the right to form, change, merge, or terminate marketing cooperatives at any time.

Advisory Council

We do not currently have a franchisee advisory council. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Urban Float spa operated by us or our affiliates will not be a member of the Advisory Council. Each member would be granted one vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Employees.

We will provide training for your initial Spa manager. You are otherwise solely responsible for hiring, training, and managing your employees, for the terms of their employment, and for ensuring their compliance with any training or other requirements we establish.

Pricing.

We have no obligation to establish pricing. To promote a consistent consumer experience, and to maximize the value of limited marketing expenses, we may set fixed minimum or maximum prices for any products or services offered by your Spa. If we set prices, you must use them, unless we agree to changes in local pricing you offer to (i) allow you to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with law. We have the right to change from a required to a recommended pricing structure.

ITEM 12: TERRITORY

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

Location of Your Spa. Each Franchise Agreement grants you the right to operate a single Urban Float Spa. You must identify a location for your Spa within the geographic area described in Exhibit 1 to your Franchise Agreement. We must approve your location in advance. We will base our approval on population density, expected traffic, and demographic information.

You may relocate your Spa with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new Spa within the geographic area described in Exhibit 1 to your Franchise Agreement; (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new Spa and resume operations within 60 days after closing your prior Spa (we may give you a longer period of time if you must relocate due to the destruction of your prior facility).

Your Territory. You will receive a territory that will be identified in Exhibit 1 to your Franchise Agreement (your "Territory"). Your Territory will include a minimum population of 25,000. We will not operate or authorize a third party to operate a Float Spa using our Marks that is physically located within your Territory during the term of your Franchise Agreement so long as you are not in default under the Franchise Agreement, except as a result of an Acquisition.

We reserve the right to offer services under our Marks or other trademarks in the Territory in connection with any other channel of commerce or method of distribution, including, without limitation, distribution of products or services through any temporary or mobile facilities, sales through retail stores that do not operate under the Marks, sales made at wholesale, or sales via the Internet. We may also acquire, or be acquired by, another business or chain that may sell competitive or similar goods or services, and those businesses may be converted into Urban Float Spas operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your Territory. You will not be entitled to any compensation for such sales made by us or by such acquired or converted stores.

We do not restrict you from soliciting customers or accepting orders from outside your territory, but we retain the sole right to use our Marks in channels of distribution other than brick-and-mortar retail, including Internet marketing and commerce for our products.

Restrictions on Your Sales and Marketing Activities. All of your marketing activities must be directed towards clients within your Territory. You may not direct your marketing into the exclusive territory of another franchisee. Similarly, other franchisees are prohibited from directing their marketing into your Territory except through cooperative advertising efforts. There are no restrictions on our right to market in your Territory to promote the System. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit clients, whether from inside or outside of your Territory.

Minimum Performance Requirements. Your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency.

Additional Territories. You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks. Neither we nor any affiliate of ours currently intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at an Urban Float Spa, but we reserve the right to do so in the future.

ITEM 13: TRADEMARKS

Our parent Float Holdings, LLC owns all rights to the trademarks listed below:

Registration	Mark	Register	Date
~~5471552~~	~~Pure Float Systems~~	~~Principal~~	~~May 15, 2018~~
~~5373340~~	~~Rise To Your Potential~~	~~Principal~~	~~July 9, 2018~~
~~5306355~~	~~Rise To Your Potential~~	~~Principal~~	~~July 25, 2017~~
5217162	Urban Float	Principal	June 6, 2017
5204687	Renew Refresh Revive	Principal	February 28, 2017
4609685	Renew Refresh Revive	Principal	September 3, 2014
4609684	Urban Float	Principal	September 23, 2014

These trademarks are registered on the Principal Register of the United States Patent and Trademark Office. No affidavits are currently required, and no renewals are yet due. The mark licensed to you is shown on the cover of this Disclosure Document.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, any state trademark administrator or court; no pending infringement, opposition, or cancellation proceedings; and no pending material litigation involving our use or ownership of our trademark. We do not know of any superior prior rights or infringing uses that could materially affect your use of our trademark. No agreements limit our right to use or sublicense the use of the trademark.

We grant you the right to operate a franchise under the name "Urban Float" and our trademarks. By trademark, we mean trade names, trademarks, service marks, and logos used to identify your Urban Float Spa or the products or services sold at your Spa. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). We have no liability to you for changing the Marks.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Urban Float name in connection with the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or our affiliates' right to the Marks.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, we do claim a copyright to the Manual and its contents. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the construction, development, marketing and operation of an Urban Float Spa, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

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

We do not require, but do recommend, that you (or the Designated Operator) personally supervise your Spa. You may designate a Spa Manager who has successfully completed our Urban Float Training Program, and meets our then-current standards, to assist in the direct, day-to-day supervision of its operations, or to be the on-premises supervisor if you choose not to personally supervise your Spa. You will give us the name and contact information, in writing, of any Spa Manager involved operating your Spa. The Manager must sign a Noncompetition, Nondisclosure and Nonsolicitation Agreement ("Noncompetition Agreement") in the form we specify. If you are a business entity, your designated Spa Manager need not be an owner of your business to be the on-premises supervisor.

You are solely responsible for hiring and managing your employees, for the terms of their employment, and for ensuring their compliance with any training or other requirements we establish. You and your employees must comply with the confidentiality provisions described in Item 14. If the franchisee is a legal entity with more than one owner, all owners, shareholders, partners, joint ventures, and any other person who directly or indirectly owns a 10% or greater interest in the entity must execute a personal guaranty when you sign the Franchise Agreement. Depending on the creditworthiness of such individuals and the community property laws of the states in which they reside, we may require that the spouse of one or more of these individuals sign the personal guaranty as well.

All of your employees and other agents or representatives who may have access to our confidential information (excluding the Managers who sign Noncompetition Agreements) must sign a Confidentiality Agreement, the current form of which is in our Operating Manual.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell at your Spa. You must offer all goods and services that we require, including all treatments, therapies, supplements, merchandise and other retail items. Principally, this means you must buy the amount and type of equipment, including float pods and related floatation equipment, and offer only those types of floatation therapy services and products that we authorize. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell at your Spa at any time in our sole discretion, and you must comply with any such change.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Paragraph In Agreement	Summary
a. Length of the franchise term	Paragraph 3.1	10 years from date the Spa is open for business.
b. Renewal or extension of term	Paragraph 3.2	You have the option to extend the term for a single additional 10-year term.
c. Requirements for renewal or extension	Paragraphs 3.2, 3.3, and 3.4	You have complied with all of the Franchise Agreement provisions; you are not in default of the Franchise Agreement; you have brought your Spa into compliance with current standards; you have given us notice of renewal; you have signed a then-current form of Franchise Agreement; and you have signed a general release in substantially the form of **Exhibit F** to this Disclosure Document. You must give us notice of your intent to renew at least six months and no more than nine months before the Franchise Agreement expires. The new Franchise Agreement may contain terms and conditions that are materially different from your original Franchise Agreement. We charge a renewal fee of $5,000.
d. Termination by franchisee	Paragraph 15.1	You may terminate the Franchise Agreement for cause if you are in compliance and we materially breach the Franchise Agreement and fail to cure within 30 calendar days of receiving your written notice; subject to state law.
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Paragraph 15.2	We may terminate the Franchise Agreement on notice to you if you default under the terms of the Franchise Agreement.

Provision	Paragraph In Agreement	Summary
g. "Cause" defined — curable defaults	Paragraph 15.2(B)	The following constitute curable defaults: you fail to comply with the Performance Standards; or refuse to make payments due and do not cure within 10 business days; or fail to comply with any provision of the Franchise Agreement not otherwise mentioned in (h.) below or any mandatory specification and do not cure within 10 calendar days or 30 calendar days.
h. "Cause" or "Good Cause" defined — non-curable defaults	Paragraph 15.2A	Non-curable defaults are: failure to properly establish and equip the premises, to complete training, or to open within twelve months of execution of the Franchise Agreement; make a material misrepresentation or omission in applying for the franchise; conviction or plead no contest to a felony, or other crime or offense that can adversely affect the reputation of you, us or the Spa; unauthorized disclosure of confidential information; abandonment of Spa for 2 consecutive business days unless approved; surrender control of the business; unauthorized transfer; bankruptcy, insolvency or general assignment for the benefit of creditors; misuse of the Marks; two identical defaults or three defaults in any 12 month period to pay amounts due, or otherwise to comply with the Franchise Agreement; violate any health, safety or sanitation law or conduct business in a manner creating a safety hazard; false financial reporting; loss of premises; or violating the rights and restrictions of your territory; failure to attend annual conference;

Provision	Paragraph In Agreement	Summary
i. Franchisee's obligation on termination/non-renewal	Paragraphs 12, 13, 15.4, and 15.5	Your obligations include: stop operating the Spa; stop using the Marks and items bearing them; stop using "Urban Float" in any form as part of your corporate name; assign any assumed names to Company; de-identify the premises from any similar decoration, design, or other imitation of an Urban Float Spa; stop advertising as an Urban Float franchise; pay all sums owed; pay all damages and costs we incur in enforcing your Agreement; return sings and the Manual and other confidential information; assign your telephone and facsimile numbers, electronic mail, internet addresses, and social media accounts (if any) to us; sell to us, at our option, all assets of the Spa, including inventory, equipment, supplies and items bearing the Marks; assign your lease or sublease, at our option, to us and comply with the covenants not to compete; and pay liquidated damages of (i) $30,000 in the first year of Franchise Agreement, or (ii) the average monthly royalties for the two years before termination, multiplied by the lesser of 24 or the number of months remaining in the term of your Franchise Agreement.
j. Assignment of contract by franchisor	Paragraph 14.6	We may sell or assign some or all of our business to a subsidiary or affiliate, any purchaser of Urban Float, or any purchaser of the Marks and related business.
k. "Transfer" by franchisee definition	Paragraph 14.1	You may not sell or assign your business except with our advance written approval. We have sole discretion over whether to approve or disapprove an assignment.
l. Franchisor approval of transfer by franchisee	Paragraphs 14.1 and 14.2	We have the right to approve all your transfers. We may place reasonable conditions on our approval of any transfer.

Provision	Paragraph In Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 14.2	You must be in compliance with all agreements, the Manual, all contracts with any party, and transferee must assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees; all sums due and a transfer fee of $15,000 must be paid; you must sign a general release of claims against us; all obligations to third parties must be satisfied; the Spa must be in full compliance with the Manual and standards and specifications for new Urban Float Spas; the transferee must satisfactorily complete training and sign our then-current franchise agreement..
n. Franchisor's right to acquire franchisee's business	None	Not applicable
o. Franchisor's option to buy franchisee's business	Paragraph 15.4 I	We have the option, exercisable on 30 days written notice to buy any and all proprietary inventory and/or, equipment, furniture, fixtures, including signs, sundries and supplies owned by you and used in the Spa, at the lesser of (i) your cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Spa. In addition, we have the option to assume your lease for your premises, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as your lease.
p. Death or disability of franchisee	Paragraph 14.4	Must identify executor within ninety (90) days and present the plans for transfer within six (6) months.
q. Non-competition covenants during the term of the franchise	Paragraph 13	You must not have any interest in any competitive business specializing, in whole or in part, in the sale of franchises or products that are the same as or similar to any product or service provided through the Spa.

Provision	Paragraph In Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Paragraph 13	You must not operate a business similar to the Urban Float Spa from the premises or within ten miles of any Urban Float Spa for two years after termination.
s. Modification of the Franchise Agreement	Paragraph 16.4	The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the System through changes in the Manual.
t. Integration/merger clause	Paragraph 19	Only the terms of the Franchise Agreement are binding (subject to state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable. Nothing in this or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Paragraph 16	Except for claims relating to the confidential information or the Marks and injunctive relief for health and safety violations, any claim arising out of or relating to the Franchise Agreement or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Spa is first subject to a face-to-face meeting, then non-binding mediation, and if unresolved, binding arbitration before a single arbitrator in King County, Washington.
v. Choice of forum	Paragraph 16.2	Any action that is not subject to arbitration must be brought in state or federal court in King County, Washington. (subject to applicable state law)
w. Choice of law	Paragraph 16.3	Washington law applies (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise, but reserve the right to in the future.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Swerland, 11155 120th Avenue NE, Suite 100, Kirkland, Washington 98033 (425) 429-7412, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years ~~2019~~2020 to 2022~~2021~~

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020~~2019~~	~~4~~6	~~6~~5	~~+2~~-1
	2021~~2020~~	~~6~~5	~~5~~4	-1
	2022~~2021~~	~~5~~4	~~4~~5	~~-~~+1
Company-Owned	2020~~2019~~	~~4~~1	1	~~-3~~0
	2021~~2020~~	1	1	0
	2022~~2021~~	1	1	0
Total Outlets	2020~~2019~~	~~8~~7	~~7~~6	-1
	2021~~2020~~	~~7~~6	~~6~~5	-1
	~~2021~~2022	~~6~~5	~~5~~6	~~-~~+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2019~~2020 to 2022~~2021~~

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2020~~2019~~	~~0~~
	~~2019~~2021	0
	~~2021~~2022	0

Table No. 3
Status of Franchised Outlets
For years ~~2019~~2020 to ~~2021~~2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Nonrenewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at the End of the Year
California~~Delaware~~	2020~~2019~~	0	~~1~~0	0	0	0	0	~~1~~0
	2021~~2020~~	~~1~~0	0	0	0	0	0	~~1~~0
	~~2021~~2022	~~1~~0	~~0~~1	0	0	0	0	1
Delaware~~Ohio~~	2020~~2019~~	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~Texas~~	~~2019~~2022	1	~~1~~0	0	0	0	0	~~2~~1
Texas	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Washington	~~2019~~2020	2	0	0	0	0	0	2
	~~2020~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2021	2	0	0	0	0	0	2
~~Total~~	~~2019~~2022	~~4~~2	~~2~~0	0	0	0	0	~~6~~2
Total	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	1	4

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Nonrenewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at the End of the Year
	2022	4	1	0	0	0	0	5

Table No. 4
Status of Company-Owned Outlets
For years ~~2019~~2020 to ~~2021~~2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year (1)
Washington	~~2018~~2020	~~4~~1	0	0	0	0	~~4~~1
	2021~~2019~~	~~4~~1	0	0	~~3~~0	0	1
	2022~~2020~~	1	0	0	0	0	1
Totals	~~2021~~2020	1	0	0	0	0	1
~~Totals~~	~~2018~~2021	~~4~~1	0	0	0	0	~~4~~1
	~~2019~~	~~4~~	~~0~~	~~0~~	~~3~~	~~0~~	~~1~~
	~~2020~~2022	1	0	0	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~

All numbers are as of December 31. Our fiscal year end is December 31.

Table No. 5
Projected Openings as of January 1, ~~2022~~2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
California	0	1	0
Delaware	0	0	0
Ohio	0	0	0
Texas	0	0	0
Washington	0	0	0
Total	0	1	0

As of December 31, ~~2021~~2022, our franchisees were:

Jesse Quezada, 9937 Emerado Dr., Whittier, CA 90603, 562-755-7464

Carlos and Amy Casas, 8 Wood Duck Point, Rehoboth Beach, DE 19971, 302-864-7766

Donna VanCourt, 6025 Kitzmiller RD, New Albany, OH, 43054, 614-563-0829

Marilyn Olmstead, 104 Grand Boulevard, Suite 110, Vancouver, WA 98684, 360-718-7083.

~~In 2021, we terminated two franchisees:~~

~~Dacia Kung, 12335 Kingsride Ln, #403, Houston, TX 77024, 848-702-2784~~

~~Ben Lancaster, 250 West 19th Street, Suite D, Houston, TX 77008, 832-421-1049~~

~~Ben Lancaster, listed above, closed one of his two outlets in Houston in 2020 and one in 2021. Mr. Lancaster's Franchise Agreements were terminated by Franchisor in 2021.~~

~~Dacia King, listed above, has not communicated with us in the last two years and her Franchise Agreements were terminated by Franchisor in 2021.~~

There are no ~~other~~ franchisees who have had a Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or who have left the system during the most recently completed fiscal year.

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

In the last three fiscal years, one former franchisee signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Audited financial statements of Urban Float Opportunities, LLC for the years ended December 31, 2022, 2021, and 2020~~, and 2019~~ are attached to this Disclosure Document.

ITEM 22: CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibit A	Franchise Agreement
Exhibit B	Financial Statements
Exhibit C	List of State Authorities and Registered Agents
Exhibit D	State Addenda
Exhibit E	Assignment of Franchisee's Listings
Exhibit F	Form of General Release
Exhibit G	Receipts

Attachments to Franchise Agreement

Exhibit 1	Location and Territory
Exhibit 2	Electronic Funds Transfer Agreement
Exhibit 3	Electronic Debit Authorization
Exhibit 4	Personal Guaranty and Indemnification
Exhibit 5	Lease Addendum
Exhibit 6	Small Business Administration Addendum

ITEM 23 RECEIPTS

EXHIBIT **"H"** to this Disclosure Document are detachable receipts in duplicate. You are to sign both, keep one copy, and return the other copy to us.

EXHIBIT A

URBAN FLOAT OPPORTUNITIES, LLC

FRANCHISE AGREEMENT

EXHIBIT A
URBAN FLOAT
FRANCHISE AGREEMENT

This Franchise Agreement (this **"**Agreement**"**) is made _______________ , 20___ between Urban Float Opportunities, LLC, a Washington limited liability company, doing business as **"**Urban Float**"** (**"**Franchisor**"**) and____ ____ ("Franchisee").

RECITALS

A. Urban Float Opportunities, LLC offers franchises for the operation of an "Urban Float" day spa that offers non-medical wellness services and products, primarily floatation therapy using sensory deprivation techniques, and related spa services for health and wellness of the body and spirit in a comfortable, elegant, and sophisticated retail location.

B. Franchisor has developed and administers a system, including floatation tanks, floatation therapy techniques and methods, trade secrets, copyrights, confidential and proprietary information and other intellectual property rights (the "System") for businesses offering floatation therapy at day spas ("Spas"). These businesses operate under the "Urban Float" trade name, trade dress, and other trademarks and service marks licensed hereunder (the "Marks").

C. The System includes proprietary information such as the Marks, confidential Operating Manual (the "Manual"), equipment and chemical formulae, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, personnel management, distinctive interior design and display procedures, and color scheme and decor.

D. Franchisor grants a license to establish and operate an Urban Float Spa to qualified persons who are willing to undertake the required investment and effort.

E. Franchisee wishes to use the System to develop and operate an Urban Float Spa at the location specified in this Agreement (the "Spa").

F. Franchisee has independently investigated the business contemplated by this Agreement, and recognizes that the nature of the business may change over time, that an investment in a Spa involves business risks, and that the venture's success depends primarily on Franchisee's business abilities and efforts.

AGREEMENT
1. GRANT OF FRANCHISE; LOCATION

1.1 <u>Grant.</u> Franchisor grants to Franchisee the non-exclusive right and license to establish and operate a single Urban Float Spa using the System and the Marks, at a single approved location listed on Exhibit 1, as it may be amended (the "Premises"), on terms specified in this Agreement.

1.2 <u>Site Approval Process</u>.

A. On execution of this Agreement, Franchisee will begin to identify and obtain rights to a site for its Spa in the Market Area listed on Exhibit 1. Franchisor requires that Franchisee work with a real estate leasing agent on its Approved Suppliers list, who is familiar with the particular requirements of the Spa buildout. Specifications for a Spa are given in the Operating Manual.

B. When Franchisee identifies a proposed site for the Spa within the Market Area listed on Exhibit 1, Franchisee must give Franchisor a report with all information Franchisor reasonably requests about the site including, without limitation, population density, demographics, proximity to competition and complementary businesses, utilities, available parking, traffic flow, and entrance to and exit from the site. Franchisor will give Franchisee written approval or disapproval of a proposed site within 30 days after Franchisor receives the report, and Franchisee and Franchisor will execute Section 3 to Exhibit 1 to this Agreement listing the specific approved site (the "Premises"). Franchisor agrees that it will not unreasonably withhold approval of a site that meets its criteria and will notify Franchisee of its approval or disapproval within thirty (30) days. If Franchisor fails to give such notice, the site shall be deemed disapproved. If Franchisee has not located Premises acceptable to Franchisor and conforming to the Float Spa minimum site criteria within 120 days after Franchisee signs the Franchise Agreement, Franchisor may elect to terminate the Franchise Agreement or extend the time periods in its sole discretion. The Premises must be located within the geographic area identified in Exhibit 1 to the Franchise Agreement and must conform to our minimum site selection criteria.

C. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee is responsible for selecting and developing an acceptable location for the Spa. Franchisee acknowledges that Franchisor's approval of a site is not an assurance or guaranty to Franchisee of its availability, suitability, or success, and creates no liability for Franchisor. Franchisee agrees to hold Franchisor harmless with regard to its approval of Premises chosen by Franchisee.

D. Franchisee must obtain possession of its Premises and open for regular, continuous business within twelve (12) months after the date of this Agreement. The opening date may be extended an additional three (3) months in certain instances, as explained in Section F.2D, below. Franchisor may terminate this Agreement if Franchisee does not timely open for business. If Franchisee has not opened for business within twelve months, Franchisee will pay Franchisor a monthly Royalty of $1600 on the 10th of each month, until opening or termination.

1.3 <u>Premises and Territory.</u> When the Premises Addendum is signed, Franchisor will specify a Territory around the Premises containing a population of approximately 25,000. Franchisor agrees that, so long as Franchisee is in good standing under its agreements with Franchisor, neither it nor its affiliates will establish, or authorize another Urban Float franchisee to operate or establish, a Spa using the System or Marks within that Territory, except that Franchisor may acquire, or be acquired by, another business offering competing goods or services, and such a business may be converted into an Urban Float Spa operating under the Marks regardless of its location without compensation to Franchisee for sales made by such a business.

1.4 Rights Reserved to Franchisor. Franchisee is granted the right only to operate a single Spa at the Premises. Franchisee is not granted any rights to use the System and Marks in connection with any other channel of commerce or method of distribution, including, without limitation, distribution of products or services through any temporary or mobile facilities, sales through retail stores that do not operate under the Marks, sales made at wholesale, or sales via the Internet, all such rights being retained by Franchisor.

2. ACCEPTANCE BY FRANCHISEE

2.1 Acceptance by Franchisee. Franchisee accepts this Agreement and the license granted by it and agrees to develop and operate the Spa on the terms and conditions specified in it. Franchisee agrees to follow the System requirements in operating its Spa, including, without limitation, its facilities, staff, advertising, operations, and all other aspects of Franchisee's business and the System currently in effect and as changed from time to time. Franchisee and/or its proposed manager must attend and complete Franchisor's initial training program to Franchisor's satisfaction, as set forth in Section 6.3 of this Agreement.

2.2 Conditions. Franchisee's rights hereunder are granted on the following conditions:

A. Franchisee's business and the Spa shall be identified only by the Marks approved in writing by Franchisor with at least one outside sign as designated by Franchisor.

B. With this Agreement, Franchisee must execute a personal guaranty in the form attached as Exhibit 4 ("Personal Guaranty"). If Franchisee is a legal entity with more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in Franchisee (the "Owners"), or who becomes an Owner hereafter, must execute the Personal Guaranty.

C. Franchisee shall submit the lease for its Premises to Franchisor for its written approval before executing the lease. The lease must contain the provisions outlined in Section 7.2 and Exhibit 5 ("Lease Addendum"). The lease must be executed by Franchisee and the Landlord within 60 days after Franchisor approves the site.

D. Franchisee agrees that it shall open its Spa for regular, continuous business no later than twelve (12) months after this Agreement is signed by Franchisor. If, through no fault of Franchisee, the Spa has not opened after twelve (12) months, but substantial progress has been made, Franchisor may, at its sole discretion, extend the period of time to open for an additional three (3) months.

E. Franchisee agrees at all times to comply with the Manual, standards, operating systems, and other aspects of the System (collectively, the "System Standards") prescribed by Franchisor, which may change in Franchisor's business judgment and discretion.

3. TERM AND RENEWAL

3.1 Term. This Agreement has a term (the "Term") of ten (10) years from the date the Spa is open to the public for business.

3.2 Renewal. Unless terminated sooner, on the expiration of the initial term, Franchisee may renew its franchise for a single additional ten (10) year term, or, if shorter, for a term equal to the new or extended term of the lease for the Premises (or a suitable alternative location approved by Franchisor), subject to each of the following conditions:

A. Before renewal, Franchisee shall sign Franchisor's franchise agreement in the form offered at the time of renewal. The renewal agreement may contain different terms and conditions, including, without limitation, royalty and advertising fees, except that Franchisee shall pay the renewal fee specified in Section 3.2.F. instead of the initial franchise fee. Franchisee's failure or refusal to execute and return Franchisor's then-standard Franchise Agreement to Franchisor within thirty (30) days after receiving it shall constitute Franchisee's election not to renew.

B. Franchisee shall show that it may occupy the Premises for the renewal term, or that it has been able to secure and develop another site acceptable to Franchisor.

C. In consideration of renewal, Franchisee shall execute a general release in form and substance satisfactory to Franchisor, releasing all claims against Franchisor and its affiliates, officers, directors, employees and agents.

D. Franchisee shall have completed or made arrangements to make, at its expense, any renovation and modernization of the Spa, including the interior and exterior of the building, grounds, leasehold improvements, signs, furnishings, fixtures, float pods and other equipment, and décor, that Franchisor reasonably requires so the Spa conforms to Franchisor's then-current standards and image.

E. Franchisee shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor during its term and shall be in compliance with the Manual and with Franchisor's policies, standards and specifications on the date of notice of renewal and at the expiration of the initial term.

F. Franchisee shall pay to Franchisor a renewal fee of Five Thousand Dollars ($5,000);

G. Franchisee give Franchisor notice of renewal at least six months and no more than nine months before the expiration of the initial term; and

H. Franchisee shall be in good standing under this Agreement or under any and all of Franchisee's agreements with Franchisor.

3.3 Franchisor's Refusal to Renew Franchise. Franchisor may refuse to renew the franchise if Franchisee is in default under this Agreement or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee has not met all of the foregoing conditions.

3.4 Notice of Expiration Required by Law. If Franchisor is required by law to give a longer period of notice to Franchisee than provided before the expiration of the initial term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice.

4. TRADEMARK STANDARDS

4.1 Name and Ownership. Franchisee acknowledges the validity of the Mark "Urban Float" and all other Marks that currently or in the future are or will be part of the System and agrees and recognizes that the Marks belong solely to Franchisor. Franchisee acknowledges that Franchisee's license for the Marks is derived solely from this Agreement and is only for the operation of its Spa in accordance with this Agreement and Franchisor's standards, specifications and operating procedures. Unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill currently and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks.

4.2 Use.

A. Franchisee shall not use any Mark as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall display and use the Marks only as authorized by Franchisor and shall conduct no business other than the Spa associated with it. Franchisee shall not use any other mark, name, commercial symbol or logotype in operating the Spa and shall not market any product relating to the Spa without Franchisor's written consent. If such consent is granted, the product must be marketed in a manner acceptable to Franchisor. Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols designated in writing.

B. Franchisee will give such notices of trademark and service mark registrations and copyrights as Franchisor specifies and obtain any fictitious or assumed name registrations required under applicable law.

C. Franchisee may not use the Marks in advertising, promotion or otherwise, without the appropriate copyright and registration marks or the designations "TM" or "sm" (trademark and service mark), where applicable.

4.3 Litigation. Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing on any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have sole right to determine any response to an unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement of a claim of an infringement, unfair competition, or unauthorized use of the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third party. Franchisor shall not be liable for any legal expenses of Franchisee unless approved in writing by Franchisor in its discretion.

4.4 **Modification, Discontinuance or Substitution**. Franchisor may change the principal Mark(s) of the System on a national or regional basis, and on reasonable notice, Franchisee shall at its expense adopt a new Mark(s) designated by Franchisor to identify the Spa. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's change of any Mark.

4.5 **Franchisor's Revenues.** Franchisor and its affiliates may sell to Franchisee at a reasonable profit various goods and services, and reserve the right to receive fees or other consideration in connection with "Urban Float" sales promotion and advertising programs or from System vendors.

5. FEES

5.1 **Initial Franchise Fee.** Franchisee agrees to pay Franchisor an Initial Franchise Fee in the sum of Forty Thousand Dollars ($40,000) on execution of this Agreement. The Initial Franchise Fee is fully earned by Franchisor on payment and is not refundable, in whole or in part.

5.2 **Royalty.** Starting when the Spa first opens for business and for the Term of this Agreement, Franchisee agrees to pay Franchisor by 5:00 p.m. on the 10th of each month, without setoff, credit or deduction of any nature, a Royalty of seven and a half percent (7.5%) of Franchisee's Gross Sales (as that term is defined in Section 5.3) for the prior month.

5.3 **Gross Sales.** Gross Sales means the total revenues Franchisee receives, directly or indirectly, from all business conducted at or in connection with the Spa, including, but not limited to, the sale of floatation therapy services, and related spa products and services, including the proceeds of any business interruption insurance and the redemption value of gift cards processed at Franchisee's Spa. "Gross Sales" does not include (a) sales or use taxes, (b) returns to shippers or manufacturers; (c) proceeds from isolated sales of trade fixtures that are not products and services offered for resale; (d) refunds, adjustments, or credits to customers; (e) payments received from customers for insufficient checks and rejected/denied credit card charges, but Gross Sales may not be reduced by the amount of any penalties, charges, or fees charged by banks or credit card companies for an insufficient funds check or other denied credit; (f) all proceeds received from the initial sale of gift cards; and (g) any other items that Franchisor expressly authorizes in writing to be excluded from Gross Sales.

5.4 **Local Marketing Expenses; Cooperative.** Franchisee agrees to spend at least 5% of its Gross Sales on local marketing and promotion of the Spa and to submit receipts and other verification of such expenses to Franchisor within 30 days after the end of each calendar quarter. If Franchisor establishes a local or regional marketing cooperative to promote the Spa in Franchisee's market area, Franchisee must contribute to the cooperative in amounts set by the majority of its members, up to 4% of Gross Sales. Franchisee will not be required to pay more than five percent (5%) of its Gross Sales per quarter for combined Local and Cooperative Marketing.

Franchisor may require that it administer any cooperative, and if so, the cooperative may pay Franchisor up to 15% of its revenues for administration costs.

5.5 Software Support and Technology Fee. Franchisee will pay to Franchisor or its designee the Software Support and Technology Fee described in Section 10.3.

5.6 Electronic Transfer.

A. Unless Franchisor specifies otherwise, Franchisee agrees to pay the Royalty and any other fees owed to Franchisor by pre-authorized electronic debit to Franchisor's bank or other financial institution account.

B. Franchisee agrees to complete and execute an "Electronic Funds Transfer Agreement" (attached as Exhibit 2 to this Agreement) and any other form, including, without limitation, an "Electronic Debit Authorization" (attached as Exhibit 3 to this Agreement) to authorize an electronic debit, and to submit any information required by Franchisor for such authorization. Franchisee agrees to execute updated versions of such agreements from time to time as required by financial institutions.

C. Franchisee agrees to install at its expense and use such pre-authorized payment and computerized point-of-sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system as Franchisor in its discretion may require.

5.7 Interest and Late Charges. Amounts due to Franchisor not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month, or the highest rate of interest allowed by law, and an overdraft/service charge of the greater of $100 or Franchisor's actual costs of dishonored debits. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts due.

5.8 No Accord or Satisfaction; Application of Funds.

A. If Franchisor receives less than the full amount due under this Agreement, the payment or receipt shall be applied against the longest outstanding amount due to Franchisor. Franchisor may accept any payment in any amount without prejudice to its right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on or with any payment or elsewhere shall constitute an accord or satisfaction. Franchisor and any of its affiliates' acceptances of any payments made by Franchisee shall not be construed to be a waiver of any breach or default of any provision in this Agreement.

B. Notwithstanding any designation by Franchisee, Franchisor has the sole discretion to apply any payments made by, or on behalf of, Franchisee (and to apply any amounts owed to Franchisee or any of its affiliates by Franchisor or any of Franchisor's affiliates) to any of Franchisee's past due indebtedness for amounts owing to Franchisor or any of Franchisor's affiliates, interest or any other indebtedness of Franchisee or any of Franchisee's affiliates to Franchisor or any of Franchisor's affiliates. No restrictive endorsement on any check or in any letter or other communications accompanying any payment shall bind Franchisor or any of its affiliates.

6. FRANCHISOR SERVICES

6.1 Site Selection and Lease Negotiations. Franchisee is solely responsible for locating, obtaining, and evaluating the suitability and prospects of the Spa location, for the review and negotiation of its lease, and for hiring an attorney to review and help negotiate the lease. Franchisor may in its discretion, or at Franchisee's request, assist Franchisee in site selection and the review of Franchisee's lease by giving Franchisee its site evaluation criteria, consulting with and counseling Franchisee, and, at Franchisor's discretion, inspecting proposed sites at mutually convenient times. Franchisor may charge a reasonable fee for performing any on-site evaluation to cover incurred expenses, including, but not limited to, travel, lodging, meals and wages. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria.

6.2 Spa Development. Franchisor will consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of float pods and related equipment, chemicals, furniture, fixtures, initial inventories, recruiting personnel, and managing construction or remodeling of the Spa. Franchisor will give Franchisee specifications and standards for building, equipment, furnishings, fixtures, layout, design and signs relating to the Premises and shall provide reasonable consultation on the Spa buildout. Franchisee's architect must make any layout, design and specifications provided by Franchisor site-specific. Franchisee must submit the plans to Franchisor before starting the buildout. Franchisor must approve Franchisee's plans before the buildout, and will notify Franchisee within 15 days after receipt whether the plans are acceptable, or with a reasonably detailed list of revisions to be resubmitted to make the plans acceptable. Franchisee may not change the selected layout and design without Franchisor's prior written consent.

6.3 Training. The training program, Manual and system standards are intended to protect and maintain the brand of the system, and not to control the day-to-day operation of the Spa.

A. **Initial Training.** Before the opening of the Spa and at no charge beyond the Initial Franchise Fee, Franchisor will provide initial training (the "Initial Training") at its corporate store in the Seattle area, Washington. If Franchisee is a business entity, then the Designated Operator(s), as identified in Section 17.3, below, and the Spa Manager must successfully complete the Initial Training, any additional required training, and comply on an ongoing basis with all ongoing/refresher training requirements.

Franchisee and/or its Designated Operator and the Spa Manager must satisfactorily complete the initial training. Franchisee is responsible for all travel, lodging, food, wages, wage-related expenses and other expenses in connection with the Initial Training for Franchisee, the Designated Operator, Spa Manager, and any other employee of Franchisee who attends the training. Franchisee agrees that it will require all Spa Managers employed after the Spa is opened to complete the Initial Training. Any such additional training will be at Franchisee's expense, at a fee set from time to time by Franchisor.

Franchisor may provide one day of onsite training at Franchisee's Spa prior to Franchisee's opening date. Franchisor will not charge for the time of its trainer, but Franchisee will pay the travel and related out-of-pocket costs for the Franchisor personnel conducting the training.

B. **Ongoing/Refresher Training.** From time to time, Franchisor may offer system-wide ongoing or refresher training to Urban Float Franchisees and/or their Spa Manager for a reasonable fee. Franchisee agrees to personally attend or have its Spa Manager (if approved by Franchisor) attend any and all required ongoing or refresher training. In addition to paying any required training fee(s), Franchisee will be responsible for all compensation, travel and living expenses of Franchisee and/or its Spa Manager during training.

C. **Conference.** We may hold annual national or regional conferences. If we do so, you and/or your Spa Manager must attend at least one conference per year, and must pay a Conference Fee to cover the costs of the conference, in addition to any compensation and out-of-pocket costs due to your employees for their time of attendance. The Conference Fee may include a refundable upcharge to encourage attendance. Failure to comply constitutes a default under the Franchise Agreement.

6.4 Manual. Franchisor will give Franchisee access to an electronic version of the Manual for the term of this Agreement. The Manual is expected to contain mandatory and suggested specifications, standards and operating procedures currently prescribed by Franchisor. Franchisor may from time to time revise its System and the Manual, and Franchisee agrees to comply with each updated standard and specification on notice from Franchisor. The Manual remains Franchisor's sole property and shall be kept confidential by Franchisee both during and after the term of this Agreement. If Franchisee breaches this confidentiality obligation, including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents, Franchisee will owe Franchisor liquidated damages of $10,000 to compensate Franchisor for the breach and related damage to the System.

6.5 Continuing Services. Franchisor will provide continuing advisory assistance and information to Franchisee in the development and operation of the Spa that Franchisor deems advisable. This assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.6 Approved/Designated Suppliers, Products and Services.

A. Franchisor will give Franchisee, and update from time to time, lists of specifications, approved distributors and suppliers, services, products, materials and supplies, and training that may help Franchisee to operate its Spa. Franchisor may require Franchisee to obtain products or services specified by Franchisor from time to time exclusively from suppliers designated or approved by Franchisor. Franchisor may designate or approve a single or multiple suppliers for any specified product or service. Suppliers may include, and may be limited to, Franchisor and its affiliates. Franchisee must not offer or sell any products or services not approved by Franchisor. If Franchisor disapproves a particular item, Franchisee will not use it.

Franchisor may condition its approval or designation of a supplier on factors Franchisor considers appropriate, including without limitation quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation, and financial viability of the supplier. Franchisor will give Franchisee on request any objective specifications for evaluation of a supplier, but may also use subjective criteria such as product appearance, design, and ease of use. Franchisor can approve, or revoke or deny approval, of particular items or suppliers in its sole discretion. Franchisor and its affiliates may receive rebates, incentive amounts, discounts, and other economic benefits from any supplier and may realize a profit on the sales of products and services to Franchisee.

6.7 **Pricing.** To promote a consistent consumer experience, and to maximize the value of limited advertising expenses, Franchisor may require fixed minimum or maximum prices for any products or services offered by the System and Franchisee. Franchisee must use the prices set by Franchisor, unless Franchisor consents to changes in local pricing offered by Franchisee to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with law. Consistent with law, Franchisor has the right to change from a required to a recommended pricing structure.

6.8 **Grand Opening Assistance**. Franchisor will consult and advise Franchisee on the advertising, marketing and promotion for the Grand Opening of its Spa.

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 **Facility Specifications.**

A. Franchisee's Spa shall be designed, built, equipped, and furnished according to Franchisor's standards and specifications. Franchisee shall buy its equipment, furnishings, fixtures, decor and signs for the Spa from suppliers approved by Franchisor. Franchisee may remodel or alter the Spa or change its equipment, furniture, or fixtures only with Franchisor's consent, which will not be unreasonably withheld. Franchisee must obtain any needed permits, licenses, and other legal or architectural requirements. The Spa shall contain or display only signage that has been specifically approved by Franchisor.

B. The Spa and all floatation equipment shall be maintained in accordance with standards and specifications set by Franchisor or prescribed after inspection of the Spa. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures, or any other item of the interior or exterior that is in need of repair, refurbishing, or redecorating in accordance with such standards established (and updated from time to time) by Franchisor.

C. Franchisee recognizes that the System will evolve to meet customer demands, and equipment may wear out or become obsolete. From time to time, as Franchisor requires, Franchisee must modernize and/or replace items of the trade dress or floatation equipment as needed for its Spa to meet the standards for new Spas. Franchisee must thoroughly modernize or remodel the Spa when requested by Franchisor, but no more than once every five years. This may include replacing floatation equipment and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating, the Spa, and Franchisee agrees to incur, without limitation, any capital expenditures needed to comply. Franchisor agrees that, so long as Franchisee's Spa meets basic safety, cleanliness, and repair standards, Franchisor will not require Franchisee to engage in significant remodeling, requiring in any five-year period a single project cost of more than $10,000 (adjusted for inflation according to the annual increase in the U.S. Consumer Price Index – All Urban Consumers from the date of this Agreement). After notice from Franchisor, Franchisee shall have plans prepared according to Franchisor's standards and specifications and Franchisee must submit those plans to Franchisor for its approval within 60 days. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement.

D. The Spa shall use signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.

E. Franchisor may place in a conspicuous location signage, language and informational materials, including, without limitation, a brochure rack on the customer counter and various signage and/or language on the front doors and/or windows about its franchise opportunities at any time.

7.2 Lease. Franchisee is solely responsible for purchasing or leasing a suitable site for the Spa. Franchisee must submit the lease for the Spa to Franchisor for consent before executing it. Franchisor will not withhold consent arbitrarily; however, any lease must contain substantially the following provisions: (1) "The leased premises will be used only for the operation of an Urban Float Franchise;" (2) "The employees of Franchisor will have the right to enter the leased premises to make any modifications needed to protect the System and proprietary marks thereof;" (3) "Lessee agrees that Lessor may, on request of Franchisor, disclose to Franchisor all reports, information or data in Lessor's possession with respect to sales made in, on or from the leased premises;" and (4) a conditional assignment clause to be contained in a lease rider in a form approved by Franchisor, which shall provide that Franchisor (or its designee) may, on termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor's sole option, take an assignment of Franchisee's interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor's execution of this Agreement is conditioned on the above-referenced lease addendum in the form attached hereto, as Exhibit 5 ("Lease Addendum"), which shall be signed by Franchisee and attached and made part of the lease for the Spa. Franchisee acknowledges that it has been advised to have any lease reviewed by its own legal counsel.

7.3 Development of Spa. Franchisee agrees that after signing the lease for its Premises, Franchisee will promptly, at its sole expense: (1) obtain any standard plans and/or specifications from Franchisor; (2) employ a qualified licensed architect, as required by state or local codes to prepare all drawings, designs, plans and specifications for the Spa, and submit them to Franchisor for review and approval before starting construction; (3) complete the construction or remodeling of the Spa in compliance with plans and specifications approved by Franchisor, and in compliance with all applicable ordinances, building codes and permit requirements; (4) buy or lease, in accordance with Franchisor's standards and specifications, all floatation equipment, fixtures, inventory, supplies and signs required for the Spa; (5) hire and train the initial operating personnel according to Franchisor's standards and specifications; and (6) have the Spa open for business within twelve (12) months after the date that Franchisor accepts this Agreement.

7.4 Franchisee's Responsibility. Franchisor may give Franchisee standard or sample plans and specifications for building a Spa, but it is Franchisee's sole responsibility to build and equip the Spa in compliance with all applicable federal, state and local laws and regulations, including, without limitation, building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and all other requirements of any governmental agency.

7.5 Spa Opening. Franchisee may open the Spa only when authorized in writing by Franchisor. Franchisor will authorize Franchisee to open its Spa when Franchisee has (i) met all of its pre-opening obligations, (ii) completed pre-opening training to Franchisor's satisfaction, (iii) paid all amounts then due to Franchisor, (iv) delivered copies of all insurance policies (and paid premiums) and other required documents to Franchisor, (v) received all permits, and (vi) Franchisor has given written approval of the construction, build-out and layout of the Spa. The date on which the Spa is open to the public shall be noted on this Agreement.

8. SPA IMAGE AND OPERATING STANDARDS

8.1 Compliance. Franchisee acknowledges that every detail regarding the appearance and operation of the Spa is important to Franchisee, the System and other Urban Float franchisees to maintain high and uniform operating standards, to increase demand for services, and to protect Franchisor's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and Franchisor's standards and specifications for the appearance or operation of the Spa. Franchisee acknowledges that other Spas may operate under different forms of agreement with Franchisor, and that the rights and obligations of the parties to other agreements may differ from those hereunder.

8.2 Franchisor's Right to Inspect and Correct. To determine whether Franchisee is complying with this Agreement and Franchisor's standards and specifications, Franchisor has the right to supervise, determine, and approve the standards of appearance, quality and service for the Spa including, without limitation, the right at any reasonable time and without prior notice to: (1) inspect and examine the business premises, floatation equipment, facilities, and operation of the Spa; (2) interview Franchisee and Franchisee's employees; (3) interview Franchisee's customers, suppliers, and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about the Spa; and (5) use "mystery shoppers," who may pose as customers and evaluate Franchisee's operations. Franchisee must install closed-circuit television with cameras in the front counter and lobby, and allow Franchisor access to the feed at any time. If any item fails to meet Franchisor's standards on inspection and Franchisee fails to correct a deficiency promptly, Franchisor may at its sole option elect to correct the deficiency and invoice Franchisee for its costs.

8.3 Personnel.

A. Franchisee shall be the sole employer of the employees and independent contractors of the Spa. These personnel shall not be the employees or agents of Franchisor. Franchisee will have sole authority and control over the day-to-day operations of the Spa and its employees. Franchisee shall have sole responsibility to determine who and how many people to employ, terms and conditions of employment, scheduling employee work hours, how to assign work, and when and how to discipline and terminate its employees. Franchisor shall have no responsibility for the terms and conditions of employment of Franchisee's employees and independent contractors. Franchisor will not have any duty or obligation to operate the Spa, to direct or supervise Franchisee's employees, or to oversee Franchisee's employment policies or practices. Franchisor will have no involvement in any employee administrative functions of the Spa, such as handling payroll, providing worker's Compensation insurance, providing necessary facilities and safety equipment, or providing tools or materials required for the work, all of which shall be the responsibility of franchisee. Franchisee will post a notice at the Spa notifying all of its employees that they are employees of Franchisee and not Franchisor in the manner prescribed by Franchisor.

B. To protect the goodwill and reputation of Franchisor's system, Franchisee agrees to employ at the Spa a sufficient number of persons of high character and ability who can promote and maintain customer satisfaction, who are qualified, competent, and trained in accordance with Franchisor's standards. Franchisee shall engage in no discriminatory employment practices and shall comply with applicable laws and government rules and regulations, including, without limitation, all wage-hour, civil rights, immigration, employee safety, and related employment laws. Franchisee shall make all filings required and pay all taxes due to government agencies. Failure to pay any and all taxes when due shall constitute a default under the Franchise Agreement.

8.4 **Products and Services.**

A. Franchisee acknowledges that a consistent public image and the offering of uniform services and products is an essential element of a successful franchise system. To insure consistency, quality, and uniformity throughout the System, Franchisee agrees (1) to sell or offer for sale only the services or products that have been expressly approved for sale by Franchisor; (2) to sell or offer for sale all services and products required by Franchisor; (3) not to deviate from Franchisor's standards and specifications; and (4) to discontinue selling and offering for sale any services or products that Franchisor may, in its discretion, disapprove at any time. Franchisor will give Franchisee a list of suppliers from which Franchisee is required to buy the float pods and related equipment, chemicals, and other products. Franchisee agrees to keep the Spa and floatation equipment in clean condition, with all equipment well-maintained and operational, and be able at all times during business hours to provide customers with all services and products specified by Franchisor.

B. Franchisee agrees to buy all floatation equipment, including at least six float pods, exclusively from approved suppliers, and to maintain it according to manufacturer or Franchisor specifications, as applicable.

C. If Franchisee wishes to offer any products or services that have not been approved by Franchisor, Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples about the product or service for approval. Within a reasonable time, Franchisor will notify Franchisee whether the proposed product or service is approved, as determined in Franchisor's sole discretion. Franchisor may charge Franchisee reasonable costs in connection with Franchisor's review, evaluation and approval of alternative suppliers, including reimbursement for travel, accommodations, meal expenses, and personnel wages. Franchisor may from time to time prescribe procedures for the submission of requests for approved products and/or suppliers or services and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). Franchisor may revoke its approval of a supplier, product, or service if Franchisor determines in its discretion that such supplier, product or service is not meeting Franchisor's specifications and standards. If Franchisor modifies its list of approved products, suppliers, or services, Franchisee shall not, after receipt of notice, reorder any product or use any supplier or service that is no longer approved. Franchisee acknowledges and agrees that Franchisor or its affiliates may be approved suppliers for floatation equipment, other equipment, chemicals, products, logo items, signage and artwork, that Franchisor may derive income from the sale of such items, and that the price charged by Franchisor may reflect an ordinary and reasonable profit consistent with a business of the kind that produces and/or supplies such items.

D. Franchisee agrees that Franchisor may sell equipment and products to customers located anywhere, even if such equipment and products are similar to what Franchisor sells to Franchisee and what Franchisee offers at the Spa. Franchisor may use the internet or alternative channels of commerce to sell products.

E. Franchisee may sell products and services only at the Spa's Premises, and may use the internet or alternative channels of commerce only to offer or sell the products and services, as permitted by Franchisor, and to register customers for floatation sessions.

F. Franchisee will subscribe to a "mystery shopper" program with Franchisor's approved supplier within 180 days of opening, or to another customer satisfaction program specified by Franchisor.

8.5 **<u>Compliance with Laws</u>.** Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall promptly obtain all government permits, certificates and licenses needed to operate the Spa before opening for business, and shall file and publish, if required by law, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsible to investigate and comply with laws in its location that apply to the operation of a Spa. Franchisee shall operate and maintain the Spa in strict compliance with all employment laws, building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health and safety laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to provide immediately Franchisor with a copy of any notice received by Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the Spa.

8.6 Operational Efforts. Franchisee may designate a manager to assist in the direct, day-to-day, supervision of the Spa's operations. The manager must complete the initial training requirements and all additional training reasonably required by Franchisor. Franchisee agrees to keep Franchisor advised, in writing, of any manager involved in the operation of the Spa and their contact information. Franchisee agrees to keep the Spa open for the hours stated in the Manual and as deemed appropriate by Franchisor.

8.7 Good Standing. Franchisee will be considered in "Good Standing" if Franchisee is not in default of any obligation to Franchisor or its affiliates under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System requirements.

9. MARKETING

9.1 Local Marketing.

A. Franchisor will give Franchisee a confidential copy of the Urban Float spa recommended marketing plan and advice on using it in Franchisee's local market. Franchisee must spend at least 5% of its Gross Sales each calendar quarter on local marketing activities to attract customers to its Spa. Franchisee will give Franchisor reports of its expenses, with receipts, within thirty (30) days after the end of each calendar quarter. Franchisor may require Franchisee, as part of this expense, to participate in particular local marketing programs, such as online directories. Franchisor may revise, substitute, or eliminate any of these programs at any time. Local advertising expense for purposes of this quota does not include: (i) incentive programs for Franchisee's employees or agents; (ii) charitable, political, or other contributions or donations; (iii) in-store fixtures or equipment; or (iv) grand opening expenses.

B. Franchisee's marketing will be in good taste and conform to ethical and legal standards and Franchisor's requirements. All marketing and promotions must be conducted professionally and be preapproved by Franchisor. Franchisor may approve or disapprove of such marketing, in its sole discretion. Franchisee agrees not to use any materials or programs disapproved by Franchisor. Franchisor must approve any form of co-branding, or marketing with other brands, products or services, in writing, in advance and will notify Franchisee within 20 days after receipt. Franchisee must promptly stop using any marketing or promotional plans or materials if Franchisor notifies Franchisee.

C. In addition to the amounts set forth above, Franchisee must spend at least $10,000 on Grand Opening local marketing during the period from 30 days before the Spa opens to 60 days after its opening. Franchisee will give Franchisor reports of its expenses, with receipts, within thirty (30) days after the end of that period.

9.2 Social Media Activities. Franchisee may not advertise, promote, post, or list information relating to the Spa on the Internet or in social media (through the creation of, or participation in, a Website (including Facebook) or otherwise), unless Franchisor includes information about Franchisee's Spa on its website or social media accounts. As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs,

and social networking sites (such as Facebook and LinkedIn), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette set forth in the Manual. Any use of Social Media by Franchisee pertaining to the Spa must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Spa on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication about the Spa that does not comply with this Agreement or the Manual.
Franchisor has a right to establish, in writing, reasonable standards for the implementation of technology as it develops from time to time, and Franchisee agrees to comply with those reasonable standards as if this Agreement has been revised for that purpose. Franchisee's failure to comply with this Section 9.2 shall constitute a default hereunder.

9.3 **<u>Franchisee Marketing Group(s) ("Co-Ops")</u>.** Franchisor may decide to form one or more associations and/or sub-associations of Urban Float Spas to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops are formed covering Franchisee's area, then Franchisee must join and actively participate. Each Spa will be entitled to one (1) vote so long as it is in Good Standing. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops, up to 4% of its Gross Sales, and such contributions will be credited against its local advertising expense. Any Co-Op must be organized and governed as Franchisor determines, and Franchisor may change, dissolve, or merge the Cooperative in its discretion. Any Cooperative will be for the sole purpose of administering local advertising programs and developing promotional materials for members. Franchisee must also give the Cooperative and us all statements and reports that we or the Cooperative may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents. If Franchisor elects to administer the Cooperative, it may retain a fee of up to 15% to cover administrative costs, calculated at fair market rates, and will make a summary of the Cooperative's financial activities available to Franchisee on request.

9.4 **<u>Advisory Council</u>**. Franchisor may, but need not, create a franchise advisory council to collect suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. Franchisor will consider all suggestions from the advisory council in good faith, but is not bound by any such suggestions. The advisory council, if created, will be established and operated according to rules and regulations Franchisor periodically approves, including procedures governing the selection of representatives of the advisory council to communicate with it on matters raised by the advisory council. Franchisee will have the right to be a member and to vote on matters presented to the advisory council as long as Franchisee is in good standing under this Agreement and does not act in a disruptive, abusive or counterproductive manner, as determined by Franchisor in its discretion. Franchisor may form, change or dissolve the advisory council in its discretion.

10. REPORTS, AUDITS, COMPUTER SYSTEM, AND INSURANCE

10.1 <u>Records and Reports</u>. Franchisee shall maintain and keep for four (4) years (or a longer period if required by law) from the date of their preparation financial information relating to the Spa including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and as otherwise prescribed by Franchisor. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly give any and all financial information, including tax records and returns, relating to the Spa to Franchisor on request. Franchisee will provide to Franchisor at least at the end of each calendar year, and more often on request, a complete list of the assets of its Spa with the initial cost and current depreciated value of each asset.

10.2 <u>Right to Conduct Audit or Review</u>. Franchisor has the right, in its sole determination, to require a review by its representative of all information pertaining to the Spa, including, without limitation, financial records, books, tax returns, papers, and business management software programs of Franchisee at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. This review will take place at the Spa or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information about the Spa requested by Franchisor during its review. If the review is done because of a failure by Franchisee to furnish reports, supporting records or other required information or to give reports and information on a timely basis, or if Franchisee has understated Gross Revenue for any period by 2% or more, Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 <u>Computer System, Equipment and Software</u>.

A. Franchisee must acquire a computer for use in the operation of the Spa. Franchisee shall install and use the electronic data processing and communications hardware and software, including scheduling software, voicemail, business management systems, and a point-of-sale ("POS") reporting system, that Franchisor designates from Franchisor or its designated supplier (collectively, the "Computer System"). Franchisee agrees to maintain broadband connection to the required Computer System and to any other specified points of connection according to Franchisor's standards and specifications. Franchisee must upgrade and maintain the computer hardware and software in the Spa as required by Franchisor from time to time. Franchisor may apply such upgrades or changes automatically and without notice if Franchisee fails to promptly take action to operate the Spa to required standards. Franchisee agrees to pay any fees associated with such upgrades and support, either directly to the supplier or through Franchisor as specified by Franchisor, including without limitation a monthly Software Support and Technology Fee, which includes an administrative fee to Franchisor.

B. Franchisee agrees to record all of its receipts, expenses, invoices, customer lists, floatation sessions, and employee schedules and other business information promptly in the

Computer System and use the software and POS system that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the Computer System, and the accounting, business operations, customer service and other software at any time.

C. Data, including names, addresses, contact information, and credit card or payment information of Spa customers will be captured on the required software, and will become the sole property of Franchisor. Franchisor will grant Franchisee a license to use the data for purposes of managing and promoting the Spa for the term of this Agreement. Copies and/or originals of such data must be provided to Franchisor on request. Franchisee will give Franchisor any passwords needed to access the business information for the Spa that is stored on the required software and online. Franchisor may use such information to communicate directly to the customers of the Spa, and to provide updates, information, newsletters, and special offers to the customers. On expiration or termination of this Agreement, Franchisee shall have no further access or rights to the customer information.

10.4. Insurance.

A. Before the opening the Spa for business and for the entire term of this Agreement, Franchisee will keep in force at Franchisee's own expense and by advance payment of the premium, the following insurance coverages:

(i) comprehensive general liability insurance, including project aggregate, with the following coverages: owners' and contractors' protective liability, broad-form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products liability, completed operations; medical payments and fire damage liability; insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based on or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Spa including general aggregate coverage in the amount of $1,000,000 per occurrence, $2,000,000 aggregate of any greater amounts that your lessor requires;

(ii) medical payments with a limit of at least $5,000;

(iii) Errors & Omissions (professional liability) with a limit of at least $1,000,000;

(iv) "All Risks" coverage (including glass coverage) for the full replacement cost of the Spa and all other property in which we may have an interest, including the Spa's glass windows, equipment, fixtures and leasehold improvements sufficient in the amount to restore the Spa to full operations; and;

(v) an umbrella policy providing excess coverage with limits of not less than $2,000,000;

(vi) workers' compensation insurance in amounts required by applicable law or, if permissible under applicable law, employers liability or "stop gap" insurance with minimum limits of $1,000,000/ $1,000,000/ $1,000,000;

(vii) Business interruption insurance with coverage for at least twelve (12) months for actual losses. (For purposes of this Agreement, "Gross Sales" shall include any proceeds received by Franchisee in connection with a "business interruption" insurance claim.

(viii) any other insurance required by the landlord or by your Spa's state or locality.

All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates its Spa. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide.

Franchisor reserves the right, from time to time, in its discretion, to upgrade the insurance requirements or lower the required amounts as to policy limits, deductibles, scope of coverage, or rating of carriers in response to current industry standards, market conditions and risk, or landlord requirements. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

C. Franchisee's obligation to maintain insurance is not limited by reason of any insurance maintained by Franchisor nor will relieve Franchisee of liability under the indemnity provisions of this Agreement. All insurance shall name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days before any cancellation or material change to any such policy. Franchisee shall give Franchisor certificates of coverage at least annually. Failure to maintain any of the required insurance coverage shall be grounds for the immediate termination of this Agreement and Franchisee agrees that any losses, claims or causes of action arising in the absence of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, if Franchisee fails to maintain the required insurance, Franchisor has the right, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus 10% to cover its reasonable expenses immediately on notice. Franchisee must give Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before Franchisee commences operation of the Spa. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor.** The relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. Nothing in this Agreement shall create a fiduciary relationship between them or make either party the agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business under a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. Franchisee is not an affiliate of Franchisor and neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding on the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

11.2 **Indemnification.** Franchisee shall indemnify, defend and hold harmless Franchisor, its affiliates, and their respective officers, directors and employees, accountants, and lawyers against any and all suits, claims, liabilities, costs and expenses, including, without limitation, attorneys' fees in any way relating to, arising out of or in conjunction with Franchisee's conduct of the business licensed hereunder, including without limitation liability arising from labor or employment law violations (including from Franchisee's acts and omissions and other employees). Franchisor reserves the right to appoint its own attorney. Franchisee waives and releases all claims against Franchisor for damages to property or injuries to persons arising out of the operation of the Spa, including any such claims currently unknown to Franchisee and arising at any time during the term of this Agreement.

12. CONFIDENTIAL INFORMATION

12.1 Franchisor's Confidential Information.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Spa, including, without limitation, the Manual, the float pods, Franchisor's training program, customer and supplier lists, or other information or know-how distinctive to an Urban Float Spa (the "Confidential Information") are considered to be proprietary and trade secrets of Franchisor. Franchisee agrees to keep all Confidential Information in strictest confidence during and after the term of this Agreement and not to divulge it to anyone directly or indirectly at any time, except to Franchisee's Spa employees, including independent contractors, with a need to know the information to operate the Spa. On Franchisor's request, Franchisee shall require the Spa's employees and independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to use it in the Spa and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make it available to any unauthorized person, nor use it in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information.If Franchisee or Franchisee's employees or independent contractors learn about an unauthorized use of any trade secret or confidential materials, Franchisee must promptly notify Franchisor. Franchisor is not required to take any action, but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that any improvement in the operation or promotion of the Spa developed by or on behalf of Franchisee that relates to or enhances the System, or any aspect of

Franchisor's business shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall give Franchisor all information and execute any documents needed with respect thereto, without compensation. Franchisee acknowledges that Franchisor may use or disclose such information to other Franchisees.

12.2 **No Other Interests.** Franchisee acknowledges that Franchisor would be unable to protect its Confidential Information against unauthorized use or disclosure if its franchisees were permitted to hold an interest in other floatation businesses or to otherwise compete with Franchisor. Therefore, Franchisee must comply with the covenants of Article 13.

12.3 **Injunctive Relief.** Franchisee agrees that any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that failure to comply with this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.2 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

13. COVENANTS NOT TO COMPETE

13.1 **Non-Competition Covenants of Franchisee.** To prevent a conflict of interest and unfair competition based on Franchisee's knowledge and use of the System, the Marks, and other Confidential Information, Franchisee, including all its officers, directors, holders of beneficial interests of Franchisee, members, general partners, any limited partners and their respective spouses and immediate family members, covenant and agree, pursuant to this Agreement, that Franchisee, shall not without Franchisor's prior written consent, directly or indirectly, as an individual, owner, partner, stockholder, member, employer, employee, consultant, or in any other capacity, participate in or share the earnings or profits of any floatation business, any floatation marketing or consulting business, any business offering products of a similar nature to those of the Spa, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses: (i) during the term of this Agreement and any extensions or renewals, at any location other than the Spa, (ii) for two (2) years after the expiration, termination or non-renewal for any reason of this Agreement anywhere within a ten (10) mile radius of Franchisee's location or any Urban Float Spa, and (iii) for two (2) years after Franchisee has assigned its interest in this Agreement anywhere within a ten (10) mile radius of any Urban Float Spa.

13.3 **Enforcement of Covenants.**

A. Franchisee agrees that any claims it may have against Franchisor, whether arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions of this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor is entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and Franchisor seeks equitable relief, these restrictions shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of delay. Franchisee agrees that this covenant not to compete is reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent needed to render it enforceable and/or reasonable and to enforce the provision so revised.

B. Franchisor may, in its discretion, reduce the scope of any covenant not to compete in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately on receipt by Franchisee of notice thereof, and Franchisee shall comply with any covenant as so modified.

14. TRANSFER OF INTEREST

14.1 <u>Franchisor's Approval Required</u>. The rights of Franchisee arising from this Agreement are personal to Franchisee. Except as provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Spa, any of its rights hereunder, or in the lease for the Premises, and any attempted or purported sale, assignment, transfer, pledge or encumbrances shall be null and void and grounds for termination of this Agreement. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.3 of this Agreement must promptly be reported to Franchisor and is a "transfer" within the meaning of this Article 14.

14.2 <u>Conditions for Approval of Transfer.</u> Franchisor shall not unreasonably withhold its approval of a transfer, if the transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting or competing interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor's then-current standards for franchisees; and the following conditions are met: (1) Franchisee pays Franchisor a Transfer Fee of $15,000; (2) Franchisee signs a general release of all claims in Franchisor's standard form; (3) the Spa and equipment must be upgraded, refurbished or repaired to the standard for new Spas if Franchisor, in its reasonable business judgment decides it is necessary; (4) Franchisee is in compliance with all agreements, the Manual, all contracts with any party, and transferee assumes all obligations under these agreements; (5) all sums due to Franchisor or its affiliates and third parties are paid; and (6) the transferee attends and successfully completes the Urban Float training program at its own expense.

14.3 Permitted Transfers to an Entity. If Franchisee is an individual or partnership, and wishes to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly owned by Franchisee, it may do so without approval from (but with notice to) Franchisor, and without payment of a transfer fee, if the terms of this Agreement remain unchanged, and Franchisee owns and control all of the equity and voting power of the transferee corporation or limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee before the transfer. On any such transfer to an entity, the securities of the entity may not then be transferred without Franchisor's consent and shall be so legended.

14.4 Death or Disability of Franchisee. In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a partnership Franchisee, or a member of a Franchisee that is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must identify executor within ninety (90) days and present the plans for transfer within six (6) months of the death or disability, but, shall not be deemed a transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Franchisor's Initial Training) nor obligate Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Spa, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and begin operating the Spa on behalf of Franchisee. Franchisee must pay Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses. Operation of the Spa during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to use reasonable efforts and shall not be liable to Franchisee or its owners for any debts, losses or obligations incurred by the Spa, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services bought by the Spa during any period in which it is managed by a Franchisor-appointed manager. Franchisor may, in its sole discretion, extend the time for completing a transfer contemplated by this Section.

14.5 **Relocation.** Unless Franchisee is in default of its lease, Franchisee may identify new Premises within the same site selection area in which the Spa was located, subject to the consent of Franchisor and the same process as for its initial Premises.

14.6 **Transfer by Franchisor.** Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means, and Franchisee agrees that on such transfer, Franchisor shall be released from any obligations hereunder.

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 Termination of Franchise by Franchisee. If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure or remedy such breach within thirty (30) days after notice, Franchisee may terminate this Agreement. Such termination will be effective thirty (30) days after delivery to Franchisor of notice that such breach has not been cured or remedied and Franchisee elects to terminate this Agreement, except that if such cure, by its nature, may take longer than thirty (30) days to cure, then Franchisee may not terminate this Agreement so long as Franchisor is making a good faith effort to cure or remedy the breach. A termination by Franchisee for any other reasons shall be deemed a termination by Franchisee without cause.

15.2 Termination of Franchise by Franchisor. Franchisor may terminate this Agreement for "good cause" by giving notice of termination to Franchisee. "Good cause" shall include, without limitation: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, and (iii) the breaches set forth below:

A. Immediate Termination. Franchisee shall be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without giving Franchisee an opportunity to cure the default, effective immediately on notice to Franchisee, and such termination shall be for good cause if:

(1) Franchisee has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

(2) Franchisee becomes insolvent by reason of Franchisee's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee's inability to pay obligations as they become due;

(3) Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee's business, or a final judgment remains unsatisfied or of record for 30 days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

(4) Franchisee voluntarily abandons or ceases to actively operate the Spa for two (2) consecutive business days or more in any twelve months, or it is readily apparent that Franchisee has closed or abandoned the Spa and has discontinued operations;

(5) Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

(6) Franchisee makes or attempts to make an unauthorized direct or indirect transfer or attempted or purported transfer of this Agreement, or makes an unauthorized direct or indirect transfer or attempted or purported transfer of an ownership interest in the Franchise, or

fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as required;

(7) Franchisee falsifies any financial reports or records required to be given to Franchisor under this Agreement;

(8) Franchisee's disclosure, use, or duplication of any portion of the System, the Manual, or other proprietary or Confidential Information relating to the Spa that is contrary to the provisions of this Agreement;

(9) Franchisee violates any health or safety law, ordinance or regulation or operates the Spa in a manner that presents a health or safety hazard to its customers or to the public;

(10) Franchisee fails to obtain lawful possession of an acceptable location and to open for business as an Urban Float Spa within twelve (12) months after this Agreement is accepted by Franchisor;

(12) Franchisee defaults under the lease agreement or otherwise loses the right to possess its Premises;

(13) Franchisee fails to comply with the covenants not to compete as required in Article 13 herein; or

(14) Franchisee, after curing a default pursuant to Section 15.2B herein, commits the same act of default again within any twelve-month period whether or not such default is cured after notice thereof is delivered to Franchisee, or if Franchisee received three (3) or more default notices from Franchisor within any twelve-month period whether or not such defaults were related to the same problem or were cured after notice thereof was delivered to Franchisee.

B. **Termination with Notice.** In addition to the provisions of Section 15.2A, if Franchisee is in default under the terms of this Agreement and the default is not cured to Franchisor's satisfaction within ten (10) days after receipt of notice from Franchisor, then in addition to all other remedies available to Franchisor at law or in equity, Franchisor may immediately terminate this Agreement. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(1) Failure, refusal or neglect by Franchisee to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement;

(2) Franchisee's failure to comply with any term of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

(3) Franchisee's failure to keep books and financial records for the Spa suitable for proper financial audit or to permit Franchisor to conduct an inspection or audit as provided in this Agreement or to submit as required by this Agreement all reports, records and information of the Spa;

(4) Franchisee, or if Franchisee has elected not to directly supervise "on-premises" the day-to-day Spa operations, then Franchisee's manager, fails to complete, to Franchisor's satisfaction, the initial training program as provided in this Agreement.

(5) Franchisee fails to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Spa;

(6) Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Spa;

(7) Franchisee closes any bank account without completing all of the following: (i) immediately notifying Franchisor in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents needed for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer as Exhibit 2 to this Agreement;

(8) Franchisee fails to maintain required insurance coverage;

(9) Any transfer or attempted transfer by Franchisee or any partner, member or shareholder in Franchisee of any rights or obligations under this Agreement to any third party without the prior written consent of Franchisor;

(10) Franchisee offers unapproved products or services at the Spa;

(11) Franchisee fails to abide by Franchisor's marketing and advertising requirements and procedures or to participate in its marketing programs for the Spa; or

(12) Franchisee fails to comply with the standards in this Agreement or in the Manual, including, but not limited to, the System standards for cleanliness, customer service, equipment maintenance, and any other System standards that affect or enhance the customer experience at the Spa;

(13) Franchisee fails to attend a required conference, as determined by Franchisor;

(14) Franchisee fails to comply with Section 9.2 hereof, regarding social media; or

(15) Franchisee fails to pay any and all taxes when due.

15.3 Cross-Default. A default by Franchisee under this or any other agreement between Franchisee and Franchisor or any of its affiliates shall at Franchisor's option, constitute a default under all such agreements.

15.4 Obligations of Franchisee on Termination, Expiration or Non-Renewal. Immediately on termination, expiration or non-renewal of this Agreement for any reason:

A. All rights, privileges and licenses granted by Franchisor to Franchisee shall immediately cease and be null and void and of no further force and effect, and all such rights, privileges and licenses shall revert to Franchisor;

B. Franchisee shall cease to be an authorized Urban Float franchise owner, and shall immediately, at its own expense, remove all signs, letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with Franchisor, and shall immediately cease to use, in any manner, the Marks, System and any other copyrighted information or materials or any confidential information Franchisee obtained as a result of the franchise granted to Franchisee;

C. Franchisee shall immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that Franchisee is or was ever an authorized Urban Float franchisee;

D. Franchisee shall cancel any assumed name of Franchisee or equivalent registration that contains any Mark, and Franchisee shall give Franchisor evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination, expiration or non-renewal of this Agreement;

E. Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor;

F. Franchisee shall pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor as a result of the default;

G. Franchisee shall comply with the covenants set forth in Articles 12 and 13 of this Agreement; and

H. Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for its Premises, and in the telephone number, fax number, internet addresses, email addresses, and social media accounts used at or in connection with the Spa;

I. Franchisor shall have the option, exercisable by giving notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to buy any and all equipment, furniture, fixtures, signs, sundries and supplies owned by Franchisee and used in the Spa, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market salvage value of such assets, less (in either case) any outstanding liabilities of the Spa. In addition, Franchisor shall have the option to assume Franchisee's lease for the Premises, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. If Franchisor does not assume the lease or sublease for the Premises, the purchase price for the assets shall be reduced by the cost of removal and transportation of the purchased assets to Franchisor's location. No value will be attributed to the value of the Marks or the System or to the assignment of the lease (or sublease) for the Premises or the assignment of any other assets used at the Spa, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease.

If the parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial third-party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of the appraisal shall be borne equally by Franchisor and Franchisee. If the parties cannot agree on an appraiser one shall be appointed by the American Arbitration Association, on petition of either party.

Franchisor may withhold from the purchase price and use funds to pay the debts and liabilities of Franchisee and the Spa. The closing date for the purchase shall be set by Franchisor no more than sixty (60) days from the date of termination.

J. Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, that Franchisor may have against Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

15.5 Franchisor's Rights and Remedies in Addition to Termination.

A. If Franchisee is in default in the performance of any of its obligations or breach of any term or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies, Franchisor may, immediately or at any time thereafter, and without notice to Franchisee, (i) suspend access to some or all of referrals of customers from Web sites, social media, or otherwise, the customer information and all or any portion of the electronic cash register systems/point-of-sale systems, and any other computer systems used to operate the Spa, until Franchisee cures the breach to Franchisor's reasonable satisfaction, or (ii) cure such default for the account of and on behalf of Franchisee including, without limitation, entering on and taking possession of the Spa and taking in the name of Franchisee, all other actions needed to carry out the provisions of this Agreement and any such entry or other action shall not be deemed a trespass, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Spa.

B. As an alternative to Franchisor's exercising its rights under Section 15.5A, above, and on a premature termination of this Agreement, Franchisee shall pay Franchisor liquidated damages as follows: if the Franchise Agreement is terminated in the first year of operation, Franchisee will owe liquidated damages of $30,000. If the agreement is terminated after the first year of operation, Franchisee must pay liquidated damages equal to (a) the average of the monthly royalties paid for the two years before termination (or if operating for less than two years, the average for the months the Spa was operated), (b) multiplied by the lesser of (i) 24 or (ii) the number of months remaining in the term of this Agreement. Franchisee's payment to Franchisor is not a penalty for breach, but rather a reasonable estimate of the losses Franchisor would incur on the closing of Franchisee's Spa. If Franchisor elects to enforce its right to liquidated damages under this Section, Franchisee's obligation to pay such damages will be in addition to Franchisee's obligations to (i) pay all amounts still owed to Franchisor, and (ii) adhere to Franchisee's other post-termination obligations. Franchisor's right to payment of liquidated damages will be in addition to all other post-termination remedies available to Franchisor under the law.

16. RESOLUTION OF DISPUTES

16.1 Mediation, Mandatory Binding Arbitration, and Waiver of Trial. Franchisee and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. They agree that this Section 16 supports these mutual objectives as follows:

A. Claim Process. Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where Franchisee is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor, whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, Franchisee and Franchisor each expressly waiving all rights to any court proceeding, except as provided below at Section 16.1 D.

(1) First, discussed in a face-to-face meeting held within thirty (30) days after either party gives notice to the other proposing such a meeting.

(2) Second, if not resolved, submitted to non-binding mediation. Franchisee and Franchisor will split the costs and each will bear their own expenses. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If neither party wishes to participate in mediation, then they may proceed to arbitration as provided below.

(3) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in King County, Washington, or if different, the county in which Franchisor's headquarters is then located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction.

B. Confidentiality. The parties to any meeting, mediation or arbitration will sign confidentiality agreements, excluding only disclosures required by law.

C. Fees and Costs. The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

D. Disputes Not Subject to the Mediation/Arbitration Process. Claims or disputes relating primarily to (a) the validity of the Marks and/or any intellectual property licensed to Franchisee, and (b) injunctive relief for misuse of confidential information and health and safety issues and violations, may be subjected to court proceedings, at Franchisor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any intellectual property licensed to Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

E. Intentions of Franchisee and Franchisor. Franchisee and Franchisor agree that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in Franchisor's Franchise Disclosure Document required by a state or the Federal government as a condition to registration or for some other purpose:

(1) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(2) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(3) Franchisee and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(4) Franchisee and Franchisor each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(5) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document given to Franchisee.

16.2 Venue. Without in any way limiting or otherwise affecting the obligations of Franchisee and Franchisor under Section 16.1 above, Franchisee and Franchisor agree that any litigation will be brought in a court of competent jurisdiction in the county where Franchisor's then-current headquarters is located.

16.3 Choice of Laws. Franchisee and Franchisor agree on the practical business importance of certainty about the law that applies to their relationship and its effect on the development and competitive position of the System. Therefore, Franchisee and Franchisor agree that, except with respect to application of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal preemption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning Franchisee and Franchisor, will be governed by, and construed and enforced in accordance with, the laws of Washington; except that Washington law regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall apply only if its jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 16.3. Franchisee and Franchisor agree that this provision shall be enforced without regard to the laws of Washington relating to conflicts of laws or choice of law.

16.4 Binding Effect, Modification. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors, and will not be modified or supplemented except by a written agreement signed by Franchisee and by an executive officer of Franchisor. However, Franchisee and Franchisor understand and agree that changes to the Manual made in accordance with this Agreement are binding and do not require acceptance by Franchisee to be effective and enforceable. No other officer, field representative, salesperson or other person has the right or authority to modify this Agreement, or to make any representations or agreements on Franchisor's behalf, and any such modifications, representations and/or agreements will not be binding.

16.5 Non-Retention of Funds. Neither party may offset or withhold payments of any kind owed or to be owed to the other against amounts claimed to be due as a result of any dispute, except as authorized by an arbitration award, or as expressly provided in this Agreement.

17. MISCELLANEOUS PROVISIONS

17.1 Severability of Provisions. Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution).

17.2 Waiver and Delay. No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist on strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any term of this Agreement and the right of Franchisor to demand exact compliance, or to declare any later breach or default or nullify the effectiveness of any provision of this Agreement. Late acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to waive by Franchisor of any prior breach by Franchisee of any terms, covenants or conditions of this Agreement.

17.3 Designation of Responsible Parties. Franchisee represents and warrants to Franchisor that the list below states: (i) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each and (ii) the name and mailing address of the individual(s) who will be the principal franchisee-operator(s) (the "Designated Operator(s)") of the business franchised hereunder. The Designated Operator(s) (there may be up to two such individuals but only one address to which Franchisor communicates in regard to the franchise) has the authority to act for Franchisee in all matters relating to the franchise, including voting responsibilities. Franchisee shall promptly notify Franchisor of any change in any such information. Any change in the Designated Operator(s) or in shareholder information is subject to Article 14 and the training requirements of this Agreement.

Franchisee is a ❑ ____________________________________, organized under the laws of ____ ,

or

❑ Franchisee is an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner, Member or Individual Name and Address Designated Operator(s):	**Percentage of Ownership Interest**

17.4 Franchisor's Discretion. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact on Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System and may not be in the best interest of Franchisee as an individual franchise owner.

17.5 Notices. Notices given under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor:

URBAN FLOAT OPPORTUNITIES, LLC
~~11155 120th Ave NE, Suite 100~~
~~Kirkland~~14121 NE 24th St
Bellevue, WA ~~98033~~98007
Attn: Scott Swerland, President

If to Franchisee:
____
____

The addressees herein given for notices may be changed at any time by either party by notice given to the other party as herein provided. Notices delivered by certified or registered mail shall be deemed to have been given three (3) business days after postmark by United States Postal Service, or the next business day after deposit with reliable overnight delivery service or when delivered by hand.

17.6 No Recourse Against Nonparty Affiliates. All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based on, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties to this Agreement ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance on any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective Third-Party Beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other Person or entity.

17.7 Financial Statements. Franchisee shall provide to Franchisor a full and complete financial statement for the fiscal quarterly period most recently ended within four (4) weeks of the quarter's end. The financial statement shall: be prepared and attested by a senior financial officer of Franchisee as being complete, correct and fairly representing Franchisee's financial condition; in accordance with generally accepted accounting principles consistently applied; and contain a full and complete balance sheet of Franchisee showing all assets and liabilities (both absolute and contingent) and a full and complete statement of Franchisee's profits and loss.

18. ACKNOWLEDGMENTS

THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER AND IT SHALL BECOME EFFECTIVE ONLY ON ITS EXECUTION BY FRANCHISOR AND FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

19. ENTIRE AGREEMENT

This Agreement, the documents referred to in it, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting, awarding and licensing of Franchisee as an authorized Urban Float franchisee at the Premises, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective on execution by Franchisor.

"FRANCHISOR" **Urban Float Opportunities, LLC** a Washington limited liability company	**"FRANCHISEE"** If Franchisee is an individual:
By:______________________________ Title:_____________________________ Date:_____________________________	Signature:_________________________ Print Name:_______________________ Date:_____________________________
	If Franchisee is an entity: Name of entity: _________________________________ State of organization:________________
	By_______________________________ Signature Title:_____________________________ Date:_____________________________

EXHIBIT 1 TO
URBAN FLOAT FRANCHISE AGREEMENT
PREMISES ADDENDUM

This Addendum to the Urban Float Franchise Agreement (the "Franchise Agreement") between Urban Float Opportunities, LLC ("Franchisor"), and ___________________________________ ("Franchisee"), is made ________________________________, 20_____.

1. Preservation of Agreement. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect. This Addendum is attached to and on execution becomes an integral part of the Franchise Agreement.

2. Market Area.____

3. Location. The parties hereto agree that the Premises referred to in Section 1.1 of the Franchise Agreement shall be the following:

____
(if identified when the Franchise Agreement is signed)
Signatures:_________________________ _______________________________
Franchisor Franchisee

____
(if identified after the Franchise Agreement is signed)
Signatures:_________________________ _______________________________
Franchisor Franchisee

4. Territory. The parties hereto agree that Franchisee will receive a non-exclusive Territory of ____ around the Premises.

Urban Float Opportunities, LLC

By:_________________________________
Title:________________________________
Date:________________________________

FRANCHISEE:

By: _________________________________
Title:________________________________
Date:________________________________

EXHIBIT 2 TO THE
URBAN FLOAT FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER AGREEMENT

This Electronic Funds Transfer Agreement (the "Agreement") is made ____________, 20__ by and between Urban Float Opportunities, LLC, ("Franchisor"), and ______________________ or _____________________ their assignee, if a partnership, corporation or limited liability company is later formed ("Franchisee").

RECITAL

Franchisor and Franchisee are parties to an Urban Float Franchise Agreement executed on even date herewith (the "Franchise Agreement") and wish to enter into an Addendum to the Franchise Agreement.

AGREEMENT

1. Franchisee shall pay all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Royalty and any other payments due to Franchisor by Franchisee, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"'), and Franchisee shall take all action needed to make such transfers.

2. With this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit 3 to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). On Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.

3. This Addendum authorizes Franchisor to withdraw funds at times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum. Franchisee authorizes monthly ACH debits via EFT based on an amount equal to the total monthly amount due Franchisor, as set forth in Section 5 of the Franchise Agreement.

4. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason. On notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the

Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Article 15 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following immediately: (1) notifying Franchisor, (2) establishing another bank account, and (3) executing and delivering to Franchisor all documents needed for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.

Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and on execution becomes an integral part of the Franchise Agreement.

Urban Float Opportunities, LLC

By:_________________________________
Title:_________________________________
Date:_________________________________

FRANCHISEE:

By: _________________________________
Title:_________________________________

EXHIBIT 3 TO THE
URBAN FLOAT FRANCHISE AGREEMENT
ELECTRONIC DEBIT AUTHORIZATION
FRANCHISOR: URBAN FLOAT OPPORTUNITIES, LLC

The undersigned hereby authorizes Urban Float Opportunities, LLC ("Franchisor") to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: ___________________________________
Branch:____
City State and Zip Code: _____________________________
Transit/ABA No.:___________________________________
Account Number:___________________________________

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor.

This authorization further confirms my understanding of Exhibit 2 to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

FRANCHISEE:

By: _____________________________
Title:___________________________
Date:____________________________

EXHIBIT 4 TO THE
URBAN FLOAT FRANCHISE AGREEMENT
GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Urban Float Opportunities, LLC, (the "Franchisor") to execute the Urban Float Franchise Agreement (the "Franchise Agreement"), of even date herewith, by and between Franchisor and ___________________________________or _____________________ their assignee, if a partnership, corporation or limited liability company is later formed or his signee, if a partnership, corporation or limited liability company is later formed (the "Franchisee"),

NAME:____

(the "Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement, including all of Franchisee's monetary obligations arising under or by virtue of the Franchise Agreement.

On demand by Franchisor, Guarantor(s) will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor(s) hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor(s) under this Guarantee, Indemnification and Acknowledgment, Franchisor may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor(s) waive notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor(s) hereby agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorney's fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor(s) hereby acknowledge and agree to be individually bound by all covenants contained in the Franchise Agreement and all terms and conditions of the Franchise Agreement requiring Franchisee not to disclose confidential information.

This Guarantee shall terminate on the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Franchise Agreement shall remain in force according to their terms. On the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be affected or impaired by any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

This Guarantee is to be performed in King County, Washington and shall be governed by and construed in accordance with the laws of the State of Washington. Guarantor(s) specifically agree that the state and federal courts situated in King County, Washington shall have exclusive jurisdiction over Guarantor(s) and this Guarantee, and further agree that any action relating to this Guarantee may be brought solely in either the Superior Court of King County, or the United States District Court for the Western District of Washington. In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of Washington as his agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Article 16 of the Franchise Agreement (except as otherwise provided in Article 16 of the Franchise Agreement).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise Agreement.

GUARANTOR(S):

By: ____
SS #: ____
DOB:
Driver's License No. _____________ State issued:_____________

EXHIBIT 5 TO THE
URBAN FLOAT FRANCHISE AGREEMENT
ADDENDUM TO LEASE

This Addendum to Lease (this "Addendum") modifies and supplements that certain lease dated ______________________ and entered into by Tenant and Landlord concerning the Premises at ____ (the "Lease").

Landlord and Tenant, intending that Urban Float Opportunities, LLC, a Washington limited liability company, ("Franchisor") (and its successors and assigns) be a third-party beneficiary of this Addendum, agree as follows:

(1) Landlord shall, during the term of the Lease and thereafter, provide Franchisor all sales and other information it may have, whether provided by Tenant or otherwise, related to the operation of Tenant's Spa as Franchisor may reasonably request;

(2) Tenant may display the trademarks, service marks and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the Spa, including the name "Urban Float," the Spa design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by the Urban Float Manual, subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord;

(3) Tenant shall not, and the Landlord shall not permit the tenant to, sublease or assign all or any part of the Lease or the Premises, or extend the term or renew the Lease, without Franchisor's prior written consent;

(4) Landlord shall concurrently give Franchisor a copy of any written default notice sent to Tenant and thereon grant Franchisor the right (but not the obligation) to cure any deficiency or default under the Lease, should Tenant fail to do so, within five (5) days after the expiration of the period in which Tenant may cure the default;

(5) The Premises shall be used only for the operation of an Urban Float Spa;

(6) Tenant may, without Landlord's consent (but subject to providing Landlord with notice thereof), at any time assign this Lease or sublease the whole or any part of the Premises to Franchisor or any successor, subsidiary or affiliate of Franchisor;

(7) In the event of an assignment of the Lease to Franchisor as described in (6) above, Franchisor may further assign this Lease, subject to Landlord's consent, such consent not to be unreasonably withheld based on the remaining obligations of assignee under the Lease, to a duly authorized franchisee of Franchisor, and thereon Franchisor shall be released from any further liability under the Lease;

(8) Until changed by Franchisor, notice to Franchisor shall be sent as follows:

URBAN FLOAT OPPORTUNITIES, LLC
~~11155 120th Ave NE, Suite 100~~
~~Kirkland~~14121 NE 24th St
Bellevue, WA ~~98033~~98007
Attn: Scott Swerland, President

None of the provisions in this Addendum or any rights granted Franchisor hereunder may be amended without Franchisor's prior written consent.

AGREED:

TENANT	LANDLORD
Print Name:___________________________	Print Name:___________________________
By: _________________________________	By: _________________________________
Title:_________________________________	Title:_________________________________
Date:_________________________________	Date:_________________________________

EXHIBIT 6 TO THE
URBAN FLOAT FRANCHISE AGREEMENT
SMALL BUSINESS ADMINISTRATION ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ______________ , 20___ , by and between

Urban Float Opportunities, LLC ("Franchisor"), located at ~~11155 120th Avenue~~14121 NE ~~Suite 200, Kirkland~~24th St., Bellevue, WA ~~98033~~98007, and

"Franchisee"), located at_______________________________.

Franchisor and Franchisee entered into a Franchise Agreement on ________________ , 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

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

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR: FRANCHISEE:

By: ____________________________________ By: ___________________________

Print Name:_______________________________ Print Name: ______________________________

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT B

URBAN FLOAT OPPORTUNITIES, LLC

FINANCIAL STATEMENTS

URBAN FLOAT OPPORTUNITIES, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

URBAN FLOAT OPPORTUNITIES, LLC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Member
Urban Float Opportunities, LLC
Kirkland, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Urban Float Opportunities, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and member's equity (deficit), and cash flows for the years ended December 31, 2021, 2020, and 2019, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Float Opportunities, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021, 2020, and 2019, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

A member of Nexia International

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

Member
Urban Float Opportunities, LLC

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
March 30, 2022

URBAN FLOAT OPPORTUNITIES, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

		2021		2020
ASSETS				
CURRENT ASSETS				
Cash	$	27,488	$	66,625
Receivables, Net of Allowance for Doubtful Accounts of $-0- in 2021 and $10,306 in 2020		18,753		15,246
Prepaid Expenses		11,393		10,354
Deferred Costs, Current		35,146		35,146
Total Current Assets		92,780		127,371
Deferred Costs, Net of Current		186,410		221,556
Total Assets	$	279,190	$	348,927
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES				
Accounts Payable	$	7,000	$	-
Accrued Expenses		343		363
Accrued Interest		1,921		626
Deferred Revenue, Current		63,400		63,400
Total Current Liabilities		72,664		64,389
LONG-TERM LIABILITIES				
Deferred Revenue, Net of Current		310,020		373,421
Long-Term Debt, Net of Current Portion		32,300		32,300
Total Long-Term Liabilities		342,320		405,721
Total Liabilities		414,984		470,110
MEMBER'S EQUITY (DEFICIT)		(135,794)		(121,183)
Total Liabilities and Member's Equity	$	279,190	$	348,927

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

	2021	2020	2019
REVENUE			
Initial Franchise Fee Income	$ 63,400	$ 63,400	$ 59,688
Royalty Income	97,946	78,909	132,538
Software Support and Technology Fees	1,375	3,925	3,825
Total Revenue	162,721	146,234	196,051
OPERATING EXPENSE			
Operating Expenses	44,578	43,369	62,168
Amortization Expense	35,146	35,146	33,022
Total Operating Expenses	79,724	78,515	95,190
INCOME FROM OPERATIONS	82,997	67,719	100,861
OTHER INCOME (EXPENSE)			
Other Income	-	7,000	4,271
Interest Expense	(1,295)	(726)	-
Total Other Income	(1,295)	6,274	4,271
NET INCOME	81,702	73,993	105,132
MEMBER'S EQUITY (DEFICIT)			
Member's Equity (Deficit) – Beginning of Year	(121,183)	(86,508)	(103,821)
Contributions (Payments)	(96,313)	(108,668)	(87,819)
MEMBER'S EQUITY (DEFICIT) – END OF YEAR	$ (135,794)	$ (121,183)	$ (86,508)

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Franchisees	$ 95,813	$ 74,939	$ 128,887
Cash Paid to Suppliers and Employees	(38,637)	(56,581)	(56,791)
Economic Injury Disaster Grant	-	6,900	-
Net Cash Provided by Operating Activities	57,176	25,258	72,096
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Long-Term Borrowings	-	32,300	-
Net Contributions from (Payments to) Member	(96,313)	(108,668)	(87,819)
Net Cash Used by Financing Activities	(96,313)	(76,368)	(87,819)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(39,137)	(51,110)	(15,723)
Cash and Restricted Cash – Beginning of Year	66,625	117,735	133,458
CASH AND RESTRICTED CASH – END OF YEAR	$ 27,488	$ 66,625	$ 117,735
CASH BALANCE IS COMPRISED OF THE FOLLOWING AT DECEMBER 31:			
Cash	$ 27,488	$ 66,625	$ 110,904
Restricted Cash – Franchisee	-	-	6,831
Total	$ 27,488	$ 66,625	$ 117,735
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Income	$ 81,702	$ 73,993	$ 105,132
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Amortization	35,146	35,146	33,022
Changes in Assets and Liabilities:			
Receivables	(3,507)	(1,064)	(3,136)
Prepaid Expenses	(1,039)	(7,501)	3,139
Accounts Payable	7,000	(5,481)	5,481
Restricted Payable – Franchisee	-	(6,831)	(8,612)
Accrued Expenses	(20)	(230)	(3,243)
Accrued Interest	1,295	626	-
Deferred Revenue	(63,401)	(63,400)	(59,687)
Net Cash Provided by Operating Activities	$ 57,176	$ 25,258	$ 72,096

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

NOTE 1 OPERATIONS AND HISTORY

Operations

Urban Float Opportunities, LLC (the Company) was formed on February 25, 2015, in the state of Washington to create franchise opportunities for Urban Float centers. The LLC agreement states that this company will have perpetual existence. The Company is a wholly owned subsidiary of Float Holdings, LLC (the Parent). The Company is a franchisor. Franchisor franchises are owned and operated by an entity affiliated with the Company through common ownership. Franchises outstanding as of December 31, 2021, 2020, and 2019, and sold and awarded during the years ended December 31, 2021, 2020, and 2019 are as follows.

	2021	2020	2019
Franchises - Beginning of Period	30	30	33
Franchise Rights Terminated	(7)	-	-
Affiliate Franchises Closed	-	-	(3)
Franchises - End of Period	23	30	30
Franchisee Owned Outlets in Operation	4	5	6
Franchisor Outlets in Operation	1	1	1
Total	5	6	7

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Franchise Revenue

Franchise revenues consist primarily of royalties, software support and technology fees and initial franchise fees.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreements are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchise Revenue (Continued)

Royalties are calculated as a percentage of the monthly franchise gross revenue over the term of the franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Royalties are billed monthly and are due when billed.

Software support and technology services are provided over the term of the franchise agreement. The fees are charged to franchisees on a monthly basis and represent services performed in that period. Software support and technology services are recognized in the period the services are performed. Software support and technology services are billed ~~monthly and are due when billed.~~

Initial franchise fees are payable by the franchisee upon signing a new franchise agreement. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Deferred Revenue

Deferred revenue represents cash received from franchisees for initial franchise fees for which revenue recognition criteria has not yet been met.

Deferred revenue as of December 31, 2021, 2020, and 2019 was $373,420, $436,821, and $500,211, respectively.

Deferred Costs

The Company incurs certain costs to obtain franchise agreements that it expects to recover. Costs to obtain franchise agreements include broker fees that would not have been incurred if the agreements had not been obtained. The Company recognizes an asset, deferred costs, for costs to obtain franchise agreements and amortizes the asset over the life of the franchise agreements on the same basis that the related revenue is recognized, and assesses the asset for impairment at each reporting date. An impairment loss is recognized at the time deferred costs exceed anticipated consideration for the services. No impairment costs have been recognized in the financial statements.

Deferred costs as of December 31, 2021, 2020, and 2019 were $221,556, $256,702, and $291,848, respectively.

Receivables

The Company uses the allowance method for accounting for bad debts. Accounts receivable are unsecured and are subject to credit risk. The Company evaluates its accounts receivable on an ongoing basis and may establish an allowance for doubtful accounts based on collections and current credit conditions. Accounts are written off as uncollectible when it is determined that further collection efforts will be unsuccessful. Historically, the Company has not had a significant amount of write-offs.

Accounts receivable as of December 31, 2021, 2020, and 2019 were $18,753, $15,246, and $14,182, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2021, 2020, and 2019 were $14,166, $6,141, and $-0-, respectively.

Income Tax

The Company has elected to be taxed as a partnership for income tax purposes. The Parent is a Limited Liability Corporation also taxed as a partnership. Earnings and losses are included in the personal tax returns of the members of the Parent and taxed depending on their personal tax strategies. Accordingly, no provision for federal income taxes is provided for in these financial statements.

Management evaluates its income tax positions on a regular basis and believes it has taken no significant uncertain tax positions that could result in additional taxes to the Company. The Company has not recognized any interest or penalties associated with uncertain tax positions. There are currently no tax examinations in progress.

NOTE 3 RELATED PARTY TRANSACTIONS

A company, affiliated through common ownership, operated one center in 2021 and 2020 (four in 2019) and does not pay the Company royalties. If the company paid royalties they would total $22,572, $21,012, and $72,055 for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTE 4 REVENUE AND EXPENSE RECOGNITION

Deferred Revenue

The following table illustrates initial franchise fee revenues expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2021. The Company has elected to exclude sales and usage based royalties and any other variable consideration recognized on an "as invoiced" basis.

Franchise fee revenue to be recognized in:

Year Ending December 31,	Amount
2022	$ 63,400
2023	63,400
2024	63,400
2025	61,750
2026	52,675
Thereafter	68,795
Total	$ 373,420

Revenue recognized for the years ended December 31, 2021, 2020, and 2019 that was included in the deferred revenue balance at the beginning of each year was $63,400, $63,400, and $43,600, respectively.

NOTE 4 REVENUE AND EXPENSE RECOGNITION (CONTINUED)

Deferred Costs

The following table illustrates deferred costs to obtain franchise agreements expected to be expensed:

Year Ending December 31,	Amount
2022	$ 35,146
2023	35,146
2024	35,146
2025	35,146
2026	24,544
Thereafter	46,428
Total	$ 211,556

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following:

Description	2021	2020
Economic Injury Disaster Loan to Small Business Administration, monthly payments of $158 beginning May 2028 including interest at 3.70%; maturing January 2050; collateralized by substantially all assets	$ 32,300	$ 32,300

Maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2022	$ -
2023	-
2024	-
2025	183
2026	704
Thereafter	31,413
Total	$ 32,300

NOTE 6 SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 30, 2022, the date the financial statements were available for issue.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. **CliftonLarsonAllen LLP**

A member of Nexia International

URBAN FLOAT OPPORTUNITIES, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

CPAs | CONSULTANTS | WEALTH ADVISORS

URBAN FLOAT OPPORTUNITIES, LLC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

INDEPENDENT AUDITORS' REPORT

Member
Urban Float Opportunities, LLC
Kirkland, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Urban Float Opportunities, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and member's equity (deficit), and cash flows for the years ended December 31, 2022, 2021, and 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Float Opportunities, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021, and 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

CLAglobal.com/disclaimer

Member
Urban Float Opportunities, LLC

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
February 15, 2023

URBAN FLOAT OPPORTUNITIES, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

		2022		2021
ASSETS				
CURRENT ASSETS				
Cash	$	17,193	$	27,488
Receivables, Net of Allowance for Doubtful Accounts of $-0- in 2022 and $-0- in 2021		34,875		18,753
Prepaid Expenses		11,972		11,393
Deferred Costs, Current		35,146		35,146
Total Current Assets		99,186		92,780
Deferred Costs, Net of Current		151,264		186,410
Total Assets	$	250,450	$	279,190
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES				
Accounts Payable	$	-	$	7,000
Accrued Expenses		379		343
Accrued Interest		2,833		1,921
Deferred Revenue, Current		63,400		63,400
Total Current Liabilities		66,612		72,664
LONG-TERM LIABILITIES				
Deferred Revenue, Net of Current		246,620		310,020
Long-Term Debt, Net of Current Portion		32,300		32,300
Total Long-Term Liabilities		278,920		342,320
Total Liabilities		345,532		414,984
MEMBER'S EQUITY (DEFICIT)		(95,082)		(135,794)
Total Liabilities and Member's Equity	$	250,450	$	279,190

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

	2022	2021	2020
REVENUE			
Initial Franchise Fee Income	$ 63,400	$ 63,400	$ 63,400
Royalty Income	119,639	97,946	78,909
Software Support and Technology Fees	-	1,375	3,925
Total Revenue	183,039	162,721	146,234
OPERATING EXPENSE			
Operating Expense	35,651	44,578	43,369
Amortization Expense	35,146	35,146	35,146
Total Operating Expense	70,797	79,724	78,515
INCOME FROM OPERATIONS	112,242	82,997	67,719
OTHER INCOME (EXPENSE)			
Other Income	-	-	7,000
Interest Expense	(1,211)	(1,295)	(726)
Total Other Income	(1,211)	(1,295)	6,274
NET INCOME	111,031	81,702	73,993
MEMBER'S EQUITY (DEFICIT)			
Member's Equity (Deficit) – Beginning of Year	(135,794)	(121,183)	(86,508)
Contributions (Payments)	(70,319)	(96,313)	(108,668)
MEMBER'S EQUITY (DEFICIT) – END OF YEAR	$ (95,082)	$ (135,794)	$ (121,183)

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Franchisees	$ 103,517	$ 95,813	$ 74,939
Cash Paid to Suppliers and Employees	(43,194)	(38,637)	(56,581)
Interest Paid	(299)	-	-
Economic Injury Disaster Grant	-	-	6,900
Net Cash Provided by Operating Activities	60,024	57,176	25,258
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Long-Term Borrowings	-	-	32,300
Net Contributions from (Payments to) Member	(70,319)	(96,313)	(108,668)
Net Cash Used by Financing Activities	(70,319)	(96,313)	(76,368)
NET DECREASE IN CASH	(10,295)	(39,137)	(51,110)
Cash – Beginning of Year	27,488	66,625	117,735
CASH – END OF YEAR	$ 17,193	$ 27,488	$ 66,625
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Income	$ 111,031	$ 81,702	$ 73,993
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Amortization	35,146	35,146	35,146
Changes in Assets and Liabilities:			
Receivables	(16,122)	(3,507)	(1,064)
Prepaid Expenses	(579)	(1,039)	(7,501)
Accounts Payable	(7,000)	7,000	(5,481)
Restricted Payable – Franchisee	-	-	(6,831)
Accrued Expenses	36	(20)	(230)
Accrued Interest	912	1,295	626
Deferred Revenue	(63,400)	(63,401)	(63,400)
Net Cash Provided by Operating Activities	$ 60,024	$ 57,176	$ 25,258

See accompanying Notes to Financial Statements.

URBAN FLOAT OPPORTUNITIES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

NOTE 1 OPERATIONS AND HISTORY

Operations

Urban Float Opportunities, LLC (the Company) was formed on February 25, 2015, in the state of Washington to create franchise opportunities for Urban Float centers. The LLC agreement states that this company will have perpetual existence. The Company is a wholly owned subsidiary of Float Holdings, LLC (the Parent). The Company is a franchisor. Franchisor franchises are owned and operated by an entity affiliated with the Company through common ownership. Franchises outstanding as of December 31, 2022, 2021, and 2020, and sold and awarded during the years ended December 31, 2022, 2021, and 2020 are as follows.

	2022	2021	2020
Franchises - Beginning of Period	23	30	30
Franchise Rights Terminated	-	(7)	-
Affiliate Franchises Closed	-	-	-
Franchises - End of Period	23	23	30
Franchisee Owned Outlets in Operation	5	4	5
Franchisor Outlets in Operation	1	1	1
Total	6	5	6

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Franchise Revenue

Franchise revenues consist primarily of royalties, software support and technology fees and initial franchise fees.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreements are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchise Revenue (Continued)

Royalties are calculated as a percentage of the monthly franchise gross revenue over the term of the franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Royalties are billed monthly and are due when billed.

Software support and technology services are provided over the term of the franchise agreement. The fees are charged to franchisees on a monthly basis and represent services performed in that period. Software support and technology services are recognized in the period the services are performed. Software support and technology services are billed monthly and are due when billed.

Initial franchise fees are payable by the franchisee upon signing a new franchise agreement. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Deferred Revenue

Deferred revenue represents cash received from franchisees for initial franchise fees for which revenue recognition criteria has not yet been met.

Deferred revenue as of December 31, 2022, 2021, and 2020 was $310,020, $373,420, and $436,821, respectively.

Deferred Costs

The Company incurs certain costs to obtain franchise agreements that it expects to recover. Costs to obtain franchise agreements include broker fees that would not have been incurred if the agreements had not been obtained. The Company recognizes an asset, deferred costs, for costs to obtain franchise agreements and amortizes the asset over the life of the franchise agreements on the same basis that the related revenue is recognized, and assesses the asset for impairment at each reporting date. An impairment loss is recognized at the time deferred costs exceed anticipated consideration for the services. No impairment costs have been recognized in the financial statements.

Deferred costs as of December 31, 2022, 2021, and 2020 were $186,410, $221,556, and $256,702, respectively.

Receivables

The Company uses the allowance method for accounting for bad debts. Accounts receivable are unsecured and are subject to credit risk. The Company evaluates its accounts receivable on an ongoing basis and may establish an allowance for doubtful accounts based on collections and current credit conditions. Accounts are written off as uncollectible when it is determined that further collection efforts will be unsuccessful. Historically, the Company has not had a significant amount of write-offs.

Accounts receivable as of December 31, 2022, 2021, and 2020 were $34,875, $18,753, and $15,246, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2022, 2021, and 2020 were $3,320, $14,166, and $6,141, respectively.

Income Tax

The Company has elected to be taxed as a partnership for income tax purposes. The Parent is a Limited Liability Corporation also taxed as a partnership. Earnings and losses are included in the personal tax returns of the members of the Parent and taxed depending on their personal tax strategies. Accordingly, no provision for federal income taxes is provided for in these financial statements.

Management evaluates its income tax positions on a regular basis and believes it has taken no significant uncertain tax positions that could result in additional taxes to the Company. The Company has not recognized any interest or penalties associated with uncertain tax positions. There are currently no tax examinations in progress.

NOTE 3 RELATED PARTY TRANSACTIONS

A company, affiliated through common ownership, operated one center in 2022, 2021, and 2020 and does not pay the Company royalties. If the company paid royalties they would total $20,904, $22,752, and $21,012 for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 4 REVENUE AND EXPENSE RECOGNITION

Deferred Revenue

The following table illustrates initial franchise fee revenues expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2022. The Company has elected to exclude sales and usage based royalties and any other variable consideration recognized on an "as invoiced" basis.

Franchise fee revenue to be recognized in:

Year Ending December 31,	Amount
2023	$ 63,400
2024	63,400
2025	61,750
2026	52,675
2027	33,700
Thereafter	35,095
Total	$ 310,020

Revenue recognized for the years ended December 31, 2022, 2021, and 2020 that was included in the deferred revenue balance at the beginning of each year was $63,400, $63,400, and $63,400, respectively.

NOTE 4 REVENUE AND EXPENSE RECOGNITION (CONTINUED)

Deferred Costs

The following table illustrates deferred costs to obtain franchise agreements expected to be expensed:

Year Ending December 31,	Amount
2023	$ 35,146
2024	35,146
2025	35,146
2026	34,544
2027	22,974
Thereafter	23,454
Total	$ 186,410

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following:

Description	2022	2021
Economic Injury Disaster Loan to Small Business Administration, monthly payments of $158, applied first to accumulated interest, beginning December 2022 including interest at 3.70%; maturing January 2050; collateralized by substantially all assets	$ 32,300	$ 32,300

Maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2023	$ -
2024	-
2025	-
2026	332
2027	709
Thereafter	31,259
Total	$ 32,300

NOTE 6 SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through February 15, 2023, the date the financial statements were available for issue.

EXHIBIT C

URBAN FLOAT OPPORTUNITIES, LLC

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505 Website www.dfpi.ca.gov Toll-free /(1-866)275-2677 Email: Ask.DFPI@dfpi.ca.gov
~~CONNECTICUT~~	~~Connecticut Banking Commissioner~~ ~~44 Capitol Avenue~~ ~~Hartford, CT 06106~~ ~~(860) 566-4560~~	~~Banking Commissioner~~ ~~44 Capitol Avenue~~ ~~Hartford, CT 06106~~ ~~(860) 566-4560~~
~~FLORIDA~~	~~[Not Applicable]~~	~~Department of Agriculture and Consumer Services~~ ~~Division of Consumer Services~~ ~~Mayo Building, Second Floor~~ ~~Tallahassee, Florida 32399-0800~~ ~~(850) 922-2770~~
~~HAWAII~~	~~Director of Hawaii Dept. of Commerce & Consumer Affairs~~ ~~1010 Richards Street, 2nd Floor~~ ~~Honolulu, HI 96813~~ ~~(808) 548-2021~~	~~Commissioner of Securities~~ ~~1010 Richards Street~~ ~~Honolulu, HI 96813~~ ~~(808) 586-2722~~
~~ILLINOIS~~	~~Illinois Attorney General~~ ~~Franchise Division~~ ~~500 South Second Street~~ ~~Springfield, IL 62706~~ ~~(217) 782-4465~~	~~Chief, Franchise Bureau~~ ~~Illinois Attorney General~~ ~~100 W. Randolph Street~~ ~~Chicago, IL 60601~~ ~~(312) 814-3892~~
~~INDIANA~~	~~Secretary of State~~ ~~Administrative Offices of the Secretary of State~~ ~~201 State House~~ ~~Indianapolis, IN 46204~~ ~~(317) 232-6681~~	~~Securities Commissioner~~ ~~Securities Division~~ ~~Room E-111~~ ~~302 West Washington Street~~ ~~Indianapolis, IN 46204~~ ~~(317) 232-6681~~

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
~~IOWA~~	~~[Not Applicable]~~	~~Director of Regulated Industries Unit~~ ~~Iowa Securities Bureau~~ ~~Second Floor~~ ~~Lucas State Office Building~~ ~~Des Moines, Iowa 50319~~ ~~(515) 281-4441~~
~~MARYLAND~~	~~Maryland Securities Commissioner~~ ~~Securities Division~~ ~~200 St. Paul Place~~ ~~Baltimore, MD 21202~~ ~~(410) 576-6360~~	~~Maryland Attorney General~~ ~~Office of the Attorney General~~ ~~200 St. Paul Place~~ ~~Baltimore, MD 21202~~ ~~(410) 576-6360~~
~~MICHIGAN~~	~~Michigan Department of Commerce, Corporations and Securities Bureau~~ ~~525 W. Ottawa~~ ~~670 Law Building~~ ~~Lansing, MI 48913~~ ~~(517) 373-7117~~	~~Franchise Administrator~~ ~~Consumer Protection Division~~ ~~Antitrust and Franchise Unit~~ ~~Michigan Department of Attorney General~~ ~~670 Law Building~~ ~~Lansing, MI 48913~~ ~~(517) 373-7117~~
~~MINNESOTA~~	~~Minnesota Commissioner of Commerce~~ ~~85 7th Place East, Suite 280~~ ~~St. Paul, MN 55101~~ ~~(651) 539-1600~~	~~Deputy Commissioner~~ ~~Minnesota Department of Commerce~~ ~~85 7th Place East, Suite 280~~ ~~St. Paul, MN 55101~~ ~~(651) 539-1600~~
~~NEBRASKA~~	~~[Not Applicable]~~	~~Staff Attorney~~ ~~Department of Banking and Finance~~ ~~1200 N Street~~ ~~Suite 311~~ ~~P.O. Box 95006~~ ~~Lincoln, Nebraska 68509~~ ~~(402) 471-3445~~
~~NEW YORK~~	~~Secretary of State of the State of New York~~ ~~41 State Street~~ ~~Albany, NY 12241~~	~~Assistant Attorney General~~ ~~Bureau of Investor Protection and Securities~~ ~~New York State Department of Law~~ ~~120 Broadway, 23rd Floor~~ ~~New York, NY 10271~~ ~~(212) 416-8211~~

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
~~NORTH DAKOTA~~	~~North Dakota Securities Commissioner~~ ~~Fifth Floor~~ ~~500 East Boulevard~~ ~~Bismarck, ND 58505~~	~~Franchise Examiner~~ ~~Office of Securities Commissioner~~ ~~600 East Boulevard, 5th Floor~~ ~~Bismarck, ND 58505~~ ~~(701) 328-4712~~
~~OREGON~~	~~Director of Oregon Department of Insurance and Finance~~ ~~Corporate Securities Section~~ ~~Labor and Industries Building~~ ~~Salem, OR 97310~~ ~~(503) 378-4387~~	~~Department of Consumer and Business Services~~ ~~Division of Finance and Corporate Securities~~ ~~Labor and Industries Building~~ ~~Salem, OR 97310~~ ~~(503) 378-4387~~
~~RHODE ISLAND~~	~~Director of Rhode Island Department of Business Regulation~~ ~~Division of Securities~~ ~~Suite 232~~ ~~Providence, RI 02903~~ ~~(401) 222-3048~~	~~Associate Director and Superintendent of Securities~~ ~~Division of Securities~~ ~~233 Richmond Street, Suite 232~~ ~~Providence, RI 02903-4232~~ ~~(401) 222-3048~~
~~SOUTH DAKOTA~~	~~Division of Insurance~~ ~~Securities Regulation~~ ~~124 S. Euclid Avenue Suite 104~~ ~~Pierre, SD 57501-3185~~ ~~605-773-3563~~	~~Division of Insurance~~ ~~Securities Regulation~~ ~~124 S. Euclid Avenue Suite 104~~ ~~Pierre, SD 57501-3185~~ ~~605-773-3563~~
~~TEXAS~~	~~[Not Applicable]~~	~~Secretary of State~~ ~~Statutory Document Section~~ ~~P.O. Box 12887~~ ~~Austin, TX 78711~~ ~~(512) 463-5701~~
~~UTAH~~	~~[Not Applicable]~~	~~Division of Consumer Protection~~ ~~Utah Department of Commerce~~ ~~160 East Three Hundred South~~ ~~P.O. Box 45804~~ ~~Salt Lake City, Utah 84145-0804~~ ~~(801) 530-6601~~

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
~~VIRGINIA~~	~~Clerk of the State Corporation Commission~~ ~~1300 E. Main Street~~ ~~Richmond, VA 23219~~ ~~(804) 371-9672~~	~~Chief Examiner/Investigator~~ ~~State Corporation Commission~~ ~~Division of Securities and Retail Franchising~~ ~~1300 E. Main Street~~ ~~Richmond, VA 23219~~ ~~(804) 371-9051~~
WASHINGTON	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
~~WISCONSIN~~	~~Wisconsin Commissioner of Securities~~ ~~P.O. Box 1768~~ ~~345 W. Washington Avenue, 4th Floor~~ ~~Madison, WI 53703~~ ~~(608) 261-9555~~	~~Franchise Administrator~~ ~~Securities and Franchise Registration~~ ~~Wisconsin Securities Commission~~ ~~345 W. Washington Avenue, 4th Floor~~ ~~Madison, WI 53703~~ ~~(608) 261-9555~~

EXHIBIT D

URBAN FLOAT OPPORTUNITIES, LLC

STATE ADDENDA

URBAN FLOAT OPPORTUNITIES, LLC
STATE-SPECIFIC ADDENDA

The following modifications are made to the Urban Float Opportunities, LLC Franchise Disclosure Document and the Franchise Agreement, and may supersede, to the extent then required by valid applicable law, certain portions of the Franchise Agreement and may supplement certain disclosures in the Disclosure Document.

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. 815 ILCS 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-517-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with Franchisor, including the areas of termination and renewal of your franchise.

The following modifications are to the URBAN FLOAT OPPORTUNITIES, LLC Franchise Disclosure Document and will supersede, to the extent then required by applicable state law, certain portions of the Franchise Agreement dated ____________________, 201__.

CALIFORNIA**:**

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

2. WE WILL DEFER RECEIPT OF YOUR INITIAL FRANCHISE FEE UNTIL WE HAVE MET ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU AND YOU ARE OPEN FOR BUSINESS.

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

4. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the

Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

5. The franchise agreement provides for termination on bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

6. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

7. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

8. The franchise agreement requires binding arbitration. The arbitration will occur at King County, Washington with each party bearing its own costs and half the costs of the arbitration.

9. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

10. The franchise agreement requires application of the laws of Washington. This provision may not be enforceable under California law.

11. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

13. The franchise agreement provides for interest on past-due obligations. The highest interest rate allowed in California is 10% annually.

14. The Antitrust Law section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the franchise agreement as permitting or requiring maximum price limits.

15. Franchisees must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The

guarantee will place your and your spouse's marital and personal assets at risk if your franchise fails.

16. 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.

17. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

18. On termination or expiration of the Franchise Agreement for any reason, we are granted an option to buy and you agree to sell at our option, all tangible assets of your business at net book value, computed in accordance with generally accepted accounting principles. You must, before or on the date of termination or expiration deliver to us an accurate balance sheet and complete schedule or assets and their net book value as of the date of termination or expiration. We may exercise this option within 30 days of termination or expiration by giving you written notice of our intention to buy these assets, setting a date that may not be less than 20 days from the date of the notice, that we will pay the purchase price in full by check. On or before the date we set, you must deliver possession of the assets, must assign the phone number to us, and must assign any lease to the premises to us (at our option), and we must tender the net book value on such delivery and assignment.

19. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

20. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

WASHINGTON

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement~~, Franchisee Checklist and Disclosure Acknowledgment Statement~~, and Related Agreements

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall 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 that 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 as mutually agreed on at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where we have agreed to remove from our form franchise agreement a provision that restricts a franchisee from soliciting and/or hiring the employees of our other franchisees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have never enforced such a provision. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The franchisor has a surety bond in place at the direction of the Securities Division of the Department of Financial Institutions as security for the performance of its pre-opening obligations to franchisees.

Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Washington law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

FRANCHISOR:	URBAN FLOAT OPPORTUNITIES, LLC
	Signed: ____
	Name: ____
	Title: ____
	Date: ____
FRANCHISEE:	**Signed:** ____
	Name:____
	Date: ____
	Signed: ____
	Name:____
	Date: ____
	Signed: ____
	Name: ____
	Date: ____
	Signed: ____
	Name: ____
	Date: ____

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

EXHIBIT E

URBAN FLOAT OPPORTUNITIES, LLC

ASSIGNMENT OF FRANCHISEE'S LISTINGS

EXHIBIT E
URBAN FLOAT OPPORTUNITIES, LLC
CONDITIONAL ASSIGNMENT OF LISTINGS

THIS CONDITIONAL ASSIGNMENT is given on ______________, 20__ to Urban Float Opportunities, LLC, a Washington limited liability company ("Franchisor"), by _______________________________ ("Franchisee").

RECITALS

A. Franchisor and Franchisee have entered into an agreement providing for Franchisee's operation of an Urban Float Spa ("Spa") dated the date of this Conditional Assignment (the "Franchise Agreement").

B. The Franchise Agreement provides that, on its expiration or termination, Franchisor has the right to assume ownership of the telephone numbers used at the Spa and the related telephone directory listings.

C. Franchisee is giving this Conditional Assignment as partial consideration for, and as a condition of, Franchisor's grant of the franchise.

ASSIGNMENT

1. Assignment. Franchisee hereby assigns to Franchisor all telephone numbers and directory listings used by Franchisee in the operation of the Spa ("Telephone Numbers"). Franchisee will give Franchisor notice of each Telephone Number within ten days of its assignment to Franchisee by Franchisee's local telecommunications services provider (the "Telephone Company").

2. Release and Consent. Franchisee hereby releases the Telephone Numbers for reassignment by the Telephone Company to Franchisor, agrees that it has no further interest in the Telephone Numbers, and consents to such reassignment.

3. Further Documents. Franchisee shall sign and deliver to Franchisor or the Telephone Company, as appropriate, all documents required to be signed and delivered by Franchisee, and do all other things deemed necessary or advisable by Franchisor or the Telephone Company, to assign and release the Telephone Numbers to Franchisor.

4. Assumption by Franchisor. Franchisor hereby assumes, with respect to the Telephone Numbers, all obligations of Franchisee under Franchisee's agreement with the Telephone Company.

5. Effective Date. This Conditional Assignment shall become effective on the expiration or termination of the Franchise Agreement, as provided for therein, and Franchisee agrees that the Telephone Company may rely conclusively on a certification by Franchisor that the Franchise Agreement has expired or been terminated.

Urban Float Opportunities, LLC		Franchisee:

By:______________________________		_______________________________

<u>INDIVIDUAL FRANCHISEE</u>
STATE OF)
) cc.
COUNTY OF)

On this __ day of ______________________________________, 20__ before me, ____, the undersigned officer, personally appeared ________________________ and executed the foregoing instrument for the purposes therein contained, by signing his name thereto.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

____
(Signature of Notary Public)

(Seal or Stamp)

____
Title
My Appointment Expires: ___________________

EXHIBIT F

URBAN FLOAT OPPORTUNITIES, LLC

FORM OF GENERAL RELEASE

EXHIBIT F
URBAN FLOAT OPPORTUNITIES, LLC
GENERAL RELEASE OF ALL CLAIMS

_______________________(Franchisee") and ______________________, an individual ("Guarantor") enter into this General Release on __________________.

1. On ______________________, Urban Float Opportunities, LLC, a Washington limited liability company ("Franchisor"), and Franchisee entered into a Franchise Agreement (the "Franchise Agreement") to operate an Urban Float Spa located at __________________________________ (the "Premises"). Guarantor guaranteed Franchisee's performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "Guarantee"). In consideration of Franchisor's processing and approval of (transfer/renewal/other) ____, the Franchise Agreement provides that Franchisee must sign this General Release as a condition to such ___________. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee and Guarantor hereby release and forever discharge Franchisor, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively "Damages"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. Franchisee waives any right or benefit which Franchisee or Guarantor may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows: "Section 1542. Certain claims not affected by general release. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing this release, which if know by him must have materially affected his settlement with the debtor."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

FRANCHISEE:	GUARANTOR:
_________________________________	_____________________________
Print Name: _______________________	Print Name:___________________

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 Franchise Disclosure 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:

California	
Washington	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 15, ~~2022~~2023.

EXHIBIT H

URBAN FLOAT OPPORTUNITIES, LLC

RECEIPTS

RECEIPT

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 URBAN FLOAT OPPORTUNITIES LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO URBAN FLOAT OPPORTUNITIES LLC OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF URBAN FLOAT OPPORTUNITIES LLC 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 ADMINISTRATOR LISTED IN EXHIBIT A.

FRANCHISE SELLER:
Scott Swerland, Jeff Johnson
Business Address: 11155 120th Avenue NE, Suite 100, Kirkland, WA 98033
Telephone: 206-856-6800
ISSUANCE DATE: April 15, 2023~~2022~~
URBAN FLOAT OPPORTUNITIES LLC AUTHORIZES Scott Swerland, 11155 120th Avenue NE, Suite 100, Kirkland, Washington, AND THE AGENTS LISTED AT EXHIBIT C TO RECEIVE SERVICE OF PROCESS.

I RECEIVED A DISCLOSURE DOCUMENT DATED _______________ THAT INCLUDED THE FOLLOWING EXHIBITS:
Exhibit A **Franchise Agreement**
Exhibit B **Financial Statements**
Exhibit C **List of State Authorities and Registered Agents**
Exhibit D **State Addenda**
Exhibit E **Assignment of Franchisee's Listings**
Exhibit F **Form of General Release**
Exhibit G **Receipts**

DATED: _____________________________________

____
(Signature)

____
(Print name)
____ individually
____as an officer, partner or member of ____

(a ______________________________ corporation) (a ______________________________ partnership)
(a ______________________________ limited liability company)

LEGAL RESIDENCE ADDRESS:
____
____

PHONE: ____

[KEEP FOR YOUR RECORDS]

RECEIPT

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 URBAN FLOAT OPPORTUNITIES LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO URBAN FLOAT OPPORTUNITIES LLC OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF URBAN FLOAT OPPORTUNITIES LLC 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 ADMINISTRATOR LISTED IN EXHIBIT A.

FRANCHISE SELLERS:

Scott Swerland, Jeff Johnson
Business Address: 11155 120th Ave NE, Suite 100, Kirkland, WA 98033
Telephone: 206-856-6800
ISSUANCE DATE: April 15, 2023~~2022~~
URBAN FLOAT OPPORTUNITIES LLC AUTHORIZES SCOTT SWERLAND, 11155 120th AVE NE, SUITE 100, KIRKLAND, WASHINGTON, AND THE AGENTS LISTED AT EXHIBIT C TO RECEIVE SERVICE OF PROCESS.

I RECEIVED A DISCLOSURE DOCUMENT DATED ______________ THAT INCLUDED THE FOLLOWING EXHIBITS:

Exhibit A **Franchise Agreement**
Exhibit B **Financial Statements**
Exhibit C **List of State Authorities and Registered Agents**
Exhibit D **State Addenda**
Exhibit E **Assignment of Franchisee's Listings**
Exhibit F **General Release**
Exhibit G **Receipts**

DATED: ____________________________________

____
(Signature)

____
(Print name)
____ individually

____as an officer, partner or member of ____
(a ______________________________ corporation) (a ______________________________ partnership)
(a ______________________________ limited liability company)

LEGAL RESIDENCE ADDRESS:
____
____

PHONE: ____

[RETURN TO URBAN FLOAT OPPORTUNITIES LLC]