FRANCHISE DISCLOSURE DOCUMENT

VOLOFIT

VOLOFIT Franchising, LLC
a North Carolina limited liability company
2820 Selwyn Ave., Suite 692
Charlotte, NC 28209
(973) 699-4963
info@volo-fit.com
www.volo-fit.com

We offer the opportunity to become our area representative to solicit prospective franchisees and provide ongoing operational, marketing and general support to franchisees of the VOLOFIT franchise system within a defined territory.

The total investment necessary to begin operation of a new area representative franchise ranges from $168,200 - $177,750, which does not include the investment necessary to develop and begin operating a VOLOFIT Business (described below). This includes $152,000 that must be paid to the franchisor or its affiliates. The investment range assumes an Initial Area Representative Fee of $10,000 multiplied by 15 VOLOFIT businesses (our current minimum) that you will agree to cause to open in your territory, including at least 1 location that you are required to open. If you agree to cause more than 15 VOLOFIT businesses to open, your investment and the amount you will pay to the franchisor will increase by $10,000 for each one over 15.

As part of your obligations as an area representative, you or your affiliate must open and operate throughout the term of the Area Representative Agreement at least 1 VOLOFIT Business in your territory under a Unit Franchise Agreement. The total investment necessary to begin operation of a VOLOFIT Business is estimated to be $337,700 - $494,700. This estimate includes $133,500 - $203,000 that must be paid to the franchisor or its affiliates.

This Disclosure Document summarizes certain provisions of your area representative 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 payments to, the franchisor or an affiliate in connection with the proposed sale of the area representative 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 VOLOFIT Franchising, LLC, 2820 Selwyn Ave., Suite 692, Charlotte, NC 28209, (973) 699-4963.

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

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

ISSUANCE DATE: April 19, 2022

How to Use This Franchise Disclosure Document

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

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

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 area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. Out-of-state mediation, arbitration and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Area Representative 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.

3. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

4. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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

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

(a) A prohibition on the right of an area representative to join an association of area representatives.

(b) A requirement that an area representative assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into an area representative agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Area Representative Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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Item 1.

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (this "Disclosure Document"), "Franchisor," "we," "us," or "our" means VOLOFIT Franchising, LLC, the franchisor. "You" means the person or entity who buys the franchise from us. If you are a corporation, partnership, limited liability company, or other business entity, your owners will have to guarantee your obligations and be bound by the provisions of the Area Representative Agreement (defined below) and other agreements as described in this Disclosure Document.

Franchisor, Predecessors, Parent and Affiliates

We were formed as a North Carolina limited liability company on October 2, 2020. Our principal address is 2820 Selwyn Avenue., Suite 692, Charlotte, NC 28209. We have offered franchises since October 27, 2020.

We do business under our corporate name and as "VOLOFIT." We do not currently do business under any other name. We do not currently operate, nor have we previously operated, a VOLOFIT Business(es) (defined below); however, our affiliate has plans to open a VOLOFIT location in Charlotte, NC. We have not operated, a VOLOFIT Business, an area representative business, or any other type of business. We have not offered franchises in any other line of business, and we currently do not offer franchises in any other line of business.

We do not have any predecessors.

We are a wholly owned subsidiary of our Parent, Novus Fitness Brands, LLC ("Parent"), which shares our principal address. Our Parent has never offered or sold VOLOFIT franchises or area representative businesses and has never owned or operated a VOLOFIT Business or area representative business. Our parent company does wholly own a franchised business called "Tough Mudder Bootcamp" that does offer fitness franchises focused on providing high-intensity strength and cardio training through TM Bootcamp Franchising, LLC. TM Bootcamp Franchising, LLC has offered Tough Mudder Bootcamp franchises since 2019. TM Bootcamp Franchising, LLC currently has 5 franchised locations in the United States. Except as stated above, neither or Parent or Affiliate offers franchises in any other line of business or provide products or services to our franchisees.

Our Agents for Service of Process

We disclose our agents for service of process in Exhibit A.

The Franchise Offered Under this Disclosure Document

"VOLOFIT Businesses" are high-end, boutique fitness studios (typically 2,400 to 3,000 square feet) that offer members a transformative functional fitness experience based on the four pillars of strength, endurance, agility and power in a group setting along with related products and services we authorize from time to time. VOLOFIT Businesses operate under the name VOLOFIT and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). We may in the future replace our existing Marks with new trademarks, service marks, logos, commercial symbols, e-names, designs, artwork, and trade names, or create, use and license additional trademarks, service marks, logos, commercial symbols, e-names, designs, artwork, and trade names in conjunction with the operation of the VOLOFIT Business. You may be required to make expenditures in the future if we change, update or replace our existing Marks. VOLOFIT Businesses operate using our designated business formats, business system, methods, procedures, signs, designs, layouts, standards and specifications including, but not limited to, our relationships with vendors, our software and computer programs, our online booking system, our reservation procedures, any fitness programs and classes we have developed or may develop, marketing techniques, customer services standards, and the mandatory and suggested policies, procedures, standards and specifications, rules and requirements set out in our Operations Manual and otherwise in writing all of which we may further develop, change, discontinue, or otherwise modify from time to time (the “Franchise System”). The franchise to own and operate a VOLOFIT Business, which is relevant to the franchises offered under this Disclosure Document, is referred to in this Disclosure Document as a “Unit Franchise,” and the parties to whom we grant such rights are referred to as “Franchisees.”

The franchise we offer under this Disclosure Document is not the right to own or operate a VOLOFIT Business (that is, it is not a for a Unit Franchise). Rather, the franchise we offer under this Disclosure Document is the right and obligation, to (a) solicit and promote our sale of Unit Franchises for VOLOFIT Businesses to persons in a defined territory who meet our criteria to become a Franchisee and with whom we might be willing to grant a Unit Franchise, and (b) render certain services to Franchisees, including but not limited to opening support, operational and management guidance, regional marketing support, in connection with their development and operation of VOLOFIT Businesses in accordance with the Unit Franchise agreement (the “Unit Franchise Agreement”) they sign with us. The parties to whom we grant such rights are referred to in this Disclosure Document as “Area Representatives,” and the franchises we grant such Area Representatives are referred to as “Area Representative Franchises.” Area Representative Franchises operate using the name VOLOFIT and the Marks, and must comply with the mandatory standards, specifications, operating procedures, and rules that we periodically prescribe for operating an Area Representative Franchise (“Area Representative Standards”). We refer to the Area Representative Franchise that you will operate as “your Area Representative Business.”

If we elect to grant you an Area Representative Franchise, you must sign an area representative agreement (an “Area Representative Agreement”), the form of which is attached to this Disclosure Document as Exhibit B. Under the Area Representative Agreement, you would be granted the right, and you would assume the obligation, to act as our authorized representative within a designated geographic area (your “Territory”). Under the Area Representative Agreement, we will pay you a commission for franchises within your Territory in which you provide sales and/or support services. Prior to entering into an Area Representative Agreement, you and we would agree on the description of the Territory, the minimum number of VOLOFIT Businesses that are required to be opened in the Territory during each agreed upon development period, and the specified schedule for doing so (your “Development Schedule”).

You or your affiliate must open and operate throughout the term of the Area Representative Agreement at least one (1) VOLOFIT Business in the Territory under a Unit Franchise Agreement with us (at the same time you receive this Disclosure Document, we will provide you with a copy of our disclosure document for Unit Franchises). The remainder of the Development Schedule may be satisfied by you, your affiliates, or unaffiliated Franchisees.

Market Competition and Regulations

Since you will be involved in the offer and sale of Unit Franchises, your Area Representative Business will compete with all other businesses and brands who are searching for prospective Unit Franchisees in your Territory, particularly (but not exclusively) those brands whose initial investment and services they offer are similar to the investment required for, and the services offered by, VOLOFIT Businesses. The competition for prospective franchisees will be increased when considering those prospective franchisees who might be specifically looking to become a franchisee of a system in the fitness industry generally as well as those that, like VOLOFIT Businesses, offer bootcamp-style fitness services and other strength training and fitness classes, sports and work-out apparel, and related products and services. The market for all franchises, and fitness and workout studio franchises in particular, is highly competitive and quickly developing.

You should also consider that both the sale of franchises and the operation of a fitness business are heavily regulated by federal, state and local laws, rules and ordinances. You must comply with all laws and regulations. Neither you nor any of your employees or representatives may (i) offer franchises for sale in a franchise registration state unless we have an effective registration application or (ii) solicit prospective franchisees of VOLOFIT Businesses until we have provided you with our current disclosure document related to the offer and sale of VOLOFIT Businesses, if necessary.

As an Area Representative, the State of Washington requires that you register as a franchise broker prior to offering and selling franchises in Washington State.

You must also comply with all local, state, and federal laws of general applicability to all businesses, such as laws related to employee compensation, business licensure, minimum wage laws and health and sanitation laws. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations. There may also be other laws applicable to your Area Representative Business. We urge you to make further inquiries about these laws.

Item 2.

BUSINESS EXPERIENCE

Andrew ("Britt") Canady – Founder and CEO

Mr. Canady has been our CEO since our inception in October 2020. From August 2018 to October 2020, Mr. Canady served as an area developer for Tough Mudder Bootcamp in Charlotte, NC. In June 2019, Mr. Canady joined Tough Mudder Bootcamp as V.P. of Strategy and then CEO. Previously, Mr. Canady was with Bank of America in Charlotte, NC as Managing Director and head of Middle Market Leveraged Finance from March 2007 to March 2018. Since January 2019, Mr. Canady has served as an adjunct professor teaching business law and international finance management at the University of North Carolina at Charlotte in Charlotte, NC.

<u>Michael Huzl – Founder, CFO and Vice President of Business Development</u>

Mr. Huzl has been our CFO and Vice President of Business Development since inception in October of 2020 and is based in Charlotte, NC. Mr. Huzl has also served as the CFO and Vice President of Business Development for TM Bootcamp Franchising, LLC since July 2019 in Charlotte, NC. Mr. Huzl worked for Nucor Corporation, in Charlotte, NC, as Financial Lead of a division, Nucor Energy, and Financial Lead on the raw materials business development team from February2014 to June 2019.

<u>Jeff Kulik – Founder and Chief Strategy Officer</u>

Mr. Kulik has been our CSO since our inception in October of 2020 and is based in Glen Ridge, NJ. From 2016 to October 2020, Mr. Kulik was retired.

<u>Brea Ballard – Founder and Chief Marketing Officer</u>

Ms. Ballard has been serving as Chief Marketing Officer since December of 2021 and is based in Charlotte, NC. Ms. Ballard served as the Vice President of franchise marketing for Crunch Fitness from May 2020 to December 2021 and served as Chief Marketing Officer for Row House Fitness from January 2018 to May 2020. Ms. Ballard also served as the Head of Marketing for Realty ONE Group Franchise from June 2015 to January 2018.

<u>Caitlin Donato – National Director of Programming and Fitness and Operations</u>

Ms. Donato has been our National Director of Programming and Fitness and Operations since inception in October of 2020. Ms. Donato has also served as the National Director of Programming and Fitness for TM Bootcamp Franchising, LLC since March 2020. From December 2017 until March 2020, Ms. Donato was the Global Manager of Template Design for Orangetheory Fitness in Boca Raton, FL. From March 2015 until December 2017, Ms. Donato was a Studio Coach with Orangetheory Fitness in Plantation, FL.

<u>Alex Eliades – National Director of Franchise Development</u>

Mr. Eliades has been serving as National Director of Franchisee Development since April 2022 and is based in Charlotte, N.C. Mr. Eliades currently also serves as the General Manager of the Volofit studio in Charlotte, NC and has since November 2021. Prior to that Mr. Eliades served as General Manager/GM District Support Captain for Golds Gym DC Metro from July 2020 to November 2021. In addition, Mr. Eliades served as the Fitness Manager from January 2016 to October 2018 and District Fitness Manager from October 2018 to June 2020 of 24 Hour Fitness in Falls Church, VA.

Item 3.

LITIGATION

There is no litigation that is required to be disclosed in this Item.

Item 4.

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5.

INITIAL FEES

Initial Area Representative Fee. You must pay us in lump sum an initial area representative fee (the "Initial Area Representative Fee") of $150,000 when you sign your Area Representative Agreement for a commitment of 15 VOLOFIT Businesses. If you agree to develop more than 15 VOLOFIT Businesses, your Initial Area Representative Fee will increase by $10,000 for each one over 15. We identify your Development Schedule in the Area Representative Agreement before you sign it, based on the size of your Territory, its demographic characteristics, the market for VOLOFIT Businesses, and your capacity to recruit and provide services. The Initial Area Representative Fee is not refundable in whole or in part under any circumstances.

Initial Training Fee. You must pay us in a lump sum of $2,000 an initial training fee (the "Initial Training Fee") upon scheduling of your initial training (but in no event later than 60 days before commencing operation of your Area Representative Business). The Initial Training Fee is not refundable in whole or in part under any circumstances.

Item 6.

OTHER FEES

Name of Fee [1]	Amount	Due Date	Remarks
Transfer Fee	$10,000	Before transfer completed	Payable as a condition of transfer of your Area Representative Agreement or of an ownership interest in you.
Additional Training	$1,000 for each additional trainee	As incurred	Payable only if you (or your Operating Partner) fail to satisfactorily complete our initial training program and we require such individual to attend additional training. The fee is our then-current training fee for such additional training.

Name of Fee [1]	Amount	Due Date	Remarks
Advertising Materials	Our costs, which we estimate to be $150 to $300	As incurred	You may request that we print advertising and marketing materials for you, and we will determine whether to offer that service in our own discretion. We may charge you for the costs incurred in printing large quantities of printed materials at your request.
Interest on Late Payment	The higher of 1.5% per month or the maximum rate allowed by law	As incurred	Owed only on amounts not paid by their due dates.
Late Payment Fee	$100 per occurrence	As incurred	Owed only if checks returned or ACH requests declined due to insufficient funds or returned for other reasons.
Insurance Reimbursement	Our actual costs	As incurred	Payable only if you fail to obtain and maintain required insurance, and we, at our option, obtain or reinstate the insurance for you. You reimburse us for the cost of the insurance plus a reasonable fee for our services and our out of pocket expenses.
Indemnification	Will vary under circumstances	As incurred	Payable only if an indemnifiable claim is asserted against us and certain related parties arising out of your Area Representative Business' operations.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with the Area Representative Agreement and we are the prevailing party in any relevant litigation or arbitration.
Technology Fee	Not currently assessed, but we currently estimate it would be $950 per month if we were to assess	Monthly	The technology fee is an amount equal to the pro rata portion of the actual costs we incur attributable to the technology services and software to which we provide you access in connection with the operation of your Area Representative Business. We may, at our option, require that you pay a fixed amount each month with a true-up to be applied on the last calendar month of the year.

Name of Fee [1]	Amount	Due Date	Remarks
Renewal Fee (Successor Agreement)	$2,000 times the number of franchised VOLOFIT Businesses open in the Territory at the time of renewal	Upon renewal	Paid in lieu of an initial area representative fee on renewal of the Area Representative Agreement.
Inspection and Audit Fee	As incurred	Within 15 days of receipt of report	Reimbursement of costs of audit or inspection of your records, but only if audit or inspection was triggered by your failure to provide required reports.
Annual Conference Fee	Estimated to be $500 per day	At time of registration	If we conduct an annual conference, we may charge you and your personnel a fee to attend the conference.
Refunds of Initial Franchise Fees	Will vary under circumstances	As incurred	If we pay any partial or total refund of any initial franchise fee, whether voluntarily or involuntarily, for which you have received a Sales Commission, you must pay us a proportional amount of such refund from the Sales Commissions paid to you.

Explanatory Notes

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us or our affiliates. These fees are not refundable and are uniform for all of our area representatives. You must make all payments due under the Area Representative Agreement in the manner we designate. Under the Area Representative Agreement, you authorize our designated billing and payment processor to deduct from any monies it collects on your behalf all amounts due and to pay those amounts to us or to our affiliates on the due date of such amounts.

   We may also require you to participate in an electronic funds transfer system that allows us to debit a business account you designate for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend day. In this event, you must ensure that funds are available in your designated account to cover our withdrawals. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date. We may require payment other than through our designated billing and payment processor at any time, and you must comply with our payment instructions.

Item 7.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – AREA REPRESENTATIVE

Type of expenditure	Amount	Method of payment [1]	When due	To whom payment is to be made
Initial Area Representative Fee [2]	$150,000	Lump sum	On signing of Area Representative Agreement	Us
Training Fee	$2,000	Lump Sum	Upon scheduling your initial training	Us
Computer System	$1,000 - $2,000	As Arranged	As Invoiced	Suppliers
Professional Fees, Permits and Licenses [3]	$5,000 - $6,500	As Invoiced	As Incurred	Suppliers
Training Expenses[4]	$3,000 - $6,000	Lump sum	and as incurred	Suppliers
Insurance Premium[5]	$3,000 - $5,000	As Invoiced	As Arranged	Suppliers
Marketing Materials[6]	$1,200 - $1,250	As Invoiced	As Invoiced	Suppliers
Additional Funds (3 Months)[7]	$3,000 - $5,000	As Arranged	As Incurred	Suppliers and employees
TOTAL – ESTIMATED INITIAL INVESTMENT[8]	**$168,200 - $177,750**			

Explanatory Notes

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid according to the terms of your agreement with these respective third parties.

2. As described in Item 5, this assumes a Development Schedule of at least 15 VOLOFIT Businesses. We identify your Development Schedule in the Area Representative Agreement before you sign it, based on the size of your Territory, its demographic characteristics, the market for VOLOFIT Businesses in your Territory, and your capacity to recruit and provide services.

3. This includes fees for legal and start-up costs associated with entering into the Area Representative Agreement. These costs will vary based on the amount of professional services you elect to use, and the cost of the service providers you elect to retain.

4. These costs include the cost of food, lodging, and other expenses that two (2) people will incur in connection with attending our initial training program. These expenses may vary based on the distance traveled and the standard of living your attendees desire while attending the Initial Training.

5. You must obtain insurance policies and coverages necessary to comply with applicable law and that you determine to be necessary to protect your interests. You must also procure and maintain a policy covering your activities under the Area Representative Agreement and having coverage limits of at least $1,000,000. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. This estimate contemplates an annual installment payment. For a full list of our insurance policy requirements, please refer to Item 8 below.

6. This includes basic supplies, business cards, your first quarter Local Marketing Expenditure, and other miscellaneous start-up costs.

7. We have relied on our experience and that of our affiliates in calculating these amounts. These amounts do not include any estimates for debt service on loans that you obtain to finance your Business.

8. This estimate does <u>not</u> include the estimated initial investment necessary to open and operate the VOLOFIT Business that you or your affiliate is required to maintain in the Territory throughout the term of the Area Representative Agreement. The Unit Franchise for that Business is offered under a separate Unit Franchise disclosure document in which we estimate the initial investment to develop, open, and begin operating the Business to be between $337,700 - $494,700.

The estimated initial investment figures shown above for opening an Area Representative Franchise are based primarily on the costs incurred by us and our affiliates in developing and soliciting VOLOFIT Businesses Franchisees. We have never operated an Area Representative Franchise. You should review these figures carefully with a business advisor before deciding to become an Area Representative. The estimated initial investment figures provided in this chart assume that you (or your Operating Partner) are not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for you (or your Operating Partner). We do not require that you maintain a separate office, so the estimated initial investment figures provided in this chart also assume that you will not lease or develop a separate real estate premises for your Area Representative Business. We do not offer financing directly or indirectly for any part of the initial investment.

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YOUR ESTIMATED INITIAL INVESTMENT – VOLOFIT BUSINESS (UNIT)[1]

TYPE OF EXPENDITURE[2]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[3]	$22,500	Lump Sum	On signing Franchise Agreement	Us
Architectural Design, Permitting, Engineering and Leasehold Improvements[4]	$91,200 - $141,500	As Arranged	As Invoiced	Suppliers
Turn-key Studio Package[5]	$120,000 - $158,000	As Arranged	As Invoiced	Us, our affiliates or suppliers
Pre-Opening Assistance Fee[6]	$0 - $10,000	Lump Sum	As Incurred	Us or our affiliates
Signage[7]	$12,000 - $21,000	As Arranged	As Invoiced	Suppliers
Security Deposit[8]	$0 - $14,000	As Arranged	As Invoiced	Landlord
Opening Inventory and Supplies[9]	$6,000 - $7,500	Lump Sum	As Incurred	Us or our affiliates
Grand Opening Advertising[10]	$35,000 - $50,000	As Arranged	As Incurred	Suppliers
Training Expenses[11]	$5,500 - $7,000	Lump Sum	Upon scheduling your initial training (but in no event later than three (3) months after signing the Franchise Agreement)	Us, our affiliates or suppliers
Professional Fees, Permits and Licenses[12]	$5,000 – $6,500	As Invoiced	As Incurred	Suppliers
Insurance Premium[13]	$5,500 - $6,700	As Invoiced	As Invoiced	Suppliers
Additional Funds (3 months)[14]	$35,000 - $50,000	As Arranged	As Incurred	Suppliers and employees
TOTAL ESTIMATED INITIAL INVESTMENT[15]	$337,700 - $494,700			

Explanatory Notes

1. You are not offered the franchise to develop and operate a VOLOFIT Business under the Disclosure Document. However, we provide this information here since, as an area representative, you are obligated to, either yourself or through your affiliate, acquire a Unit Franchise and develop a VOLOFIT Business that you will use in performing your obligations as an area representative.

2. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.

3. The Initial Franchise Fee, for purposes of this Item 7, is 50% of our then-current initial franchise fee to account for the 50% of the Initial Franchise Fee that you will retain as

commission from the franchise sale. If you are signing multiple Franchise Agreements at once or signing an Area Development Agreement, the initial franchise fees after the first two (2) agreements will be reduced as described in Item 5 and could be as low as $25,000. If the Franchise Agreement is signed pursuant to an Area Development Agreement, we will credit the portion of the Development Fee attributable to that agreement toward the initial franchise fee due under the corresponding franchise agreement.

4. Leasehold improvements include build-out costs such as lighting, flooring (other than fitness flooring which is included in the Turn-key Studio Package), mirrors, cooling/heating systems and other costs associated with building out your Business. The ability to negotiate a moderate level of Tenant Improvement Allowance with your landlord has been assumed based on our past experience. Depending on the terms you negotiate with your landlord, the landlord may or may not contribute to your leasehold improvements and your costs will vary based on the level of contribution of the landlord. The cost of leasing space will vary, depending on location and other factors, and cannot be accurately projected by us; as a result, the costs shown above may be low or high.

5. This number includes the cost of your Turn-key Studio Package ($120,000 - $158,000) as defined in Item 5 of the Unit Franchise Disclosure Document, which is payable to us or our affiliate.

6. Payable only if we are required to send our representatives to assist you in selling membership packages prior to opening (see Item 5 of the Unit Franchise Disclosure Document).

7. For both interior and exterior signage.

8. The security deposit will be negotiated with the landlord. In some cases, our affiliates have been able to negotiate the requirement to pay a security deposit out of the lease; in other cases, our affiliates have agreed to pay a security deposit to avoid having to provide personal guarantees under the lease. If you are required to pay a security deposit, we estimate that the amount of the deposit will be equal to one month's rent.

9. The opening inventory and supplies include your opening inventory of retail items including, but not limited to, shirts, shorts, pants, gloves, hats, drinks and water bottles, along with inventory of heart rate monitors, which is payable to us or our affiliate. It also includes various other supplies that you will need to operate your VOLOFIT Business such as cleaning supplies, soap and shampoo, etc.

10. The Unit Franchise Agreement requires you to spend at least $35,000 for a grand opening marketing program. We anticipate you purchasing advertising materials from our designated third-party suppliers, but in some circumstances, we may supply you with materials for your grand opening marketing program.

11. You must pay us or our affiliates a training fee in consideration of our providing an initial training program for you (or your Managing Owner as defined in Item 15 of the Unit Franchise Disclosure Document) and your General Manager, which will take place at our headquarters, Corporate studio or other location at our discretion, and a business training program at your Business location. The range reflects our estimate of your travel and

related expenses (airfare, lodging and food) in connection with you and your General Manager participating in our initial training program.

12. We recommend that you consult with an attorney, accountant or other advisor prior to purchasing a franchise.

13. You must obtain insurance policies and coverages necessary to comply with applicable law, that you determine to be necessary to protect your interests, and as necessary to comply with our minimum insurance requirements as set forth in the Franchise Agreement. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. This estimate contemplates an annual installment payable upon obtaining our minimum insurance requirements for the Business, but is subject to a premium rebate if cancelled earlier. Currently, we require you to carry workers' compensation insurance, general liability insurance, automobile liability insurance, umbrella liability insurance professional liability insurance, and risk property insurance. For a full list of our insurance policy requirements, please refer to Item 8 below.

14. Our estimates of the amounts needed to cover your Businesses' expenses for the start-up phase (i.e., 3 months from the date your Business opens for business) include: replenishing your inventory, initial advertising and promotional expenditures, payroll for managers and other employees, uniforms, utilities and other variable costs. Your actual cost will depend on factors including management skill, experience, business acumen, local economic conditions, local market for group training, coaching and personal training, prevailing wage rates, competition and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service on loans that you obtain to finance your Business.

15. The initial investment range presented in this table is for the development of a VOLOFIT Business with approximately 2,400 to 3,000 square feet. If you elect to develop a larger VOLOFIT Business with more square footage, the total investment range would increase. We have relied on our experience in calculating these amounts.

    Since you are allowed to open your VOLOFIT Business through your affiliate, should you choose to do so, the amount of your portion of the investment may be reduced by the amounts contributed by other owners of your affiliate.

The estimated initial investment figures shown above for setting-up and opening each VOLOFIT Business is primarily based on Predecessor's, our and our franchisees' experience planning the development of a VOLOFIT Business, including estimates and quotes we and our franchisees received from vendors and suppliers for the items we require in the operation of a VOLOFIT Business. Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Your (or your affiliate's) actual initial investment may vary depending on a variety of factors such as: geography, the availability of sites; your VOLOFIT Business's size and location; construction costs; your discretionary expenditures; the availability of leasing or financing arrangements, if necessary; your credit rating; and other factors. Neither we nor any of our affiliates offer direct or indirect financing for any part of the initial investment

Item 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

We have developed and may further develop standards and specifications for materials, supplies and services to be used in connection with operating an Area Representative Business, such as franchise agreements, disclosure documents and franchise sales materials, advertising, training manuals and supplies that are related to the System. These standards and specifications are listed in the Manual.

We may change our standards, and specifications in our sole discretion. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you for approved and proposed suppliers unless these standards and specifications contain our confidential information.

Designated and Approved Suppliers

Currently, we require that you use a designated supplier for the software that you use in connection with soliciting and documenting your contacts with prospective and actual VOLOFIT Business Franchisees. Otherwise we do not currently require that you use mandated or approved suppliers in conducting your Area Representative Business, but we reserve the right to do so. Neither we nor our affiliates are currently approved or mandated suppliers, although we reserve the right to become so on notice to you.

The purchases you obtain according to our specifications or from approved or designated suppliers to begin your Area Representative Business represent approximately 0% to 5% of your total purchases to establish your Area Representative Business and 0% to 5% of your total purchases to operate your Area Representative Business.

Approval of Alternative Suppliers

Since we do not mandate or approve suppliers for your Area Representative Business, we do not have a process to request our approval of alternative suppliers.

Insurance

You must maintain in force at your sole expense all insurance policies and coverages necessary to comply with applicable law, that you determine to be necessary to protect your interests, and as necessary to comply with the requirements we set forth in writing. All insurance policies for liability coverage must name us and any affiliates we designate as additional named insureds and all insurance policies must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration. You must furnish us copies of your Certificate of Insurance or other evidence showing proof of your compliance with this requirement.

Currently for your Area Representative Business, you must carry the following minimum coverages: general liability insurance providing coverage for bodily injury, property damage, personal and advertising injury and contractual and product liability with a minimum liability of $1,000,000 per occurrence.

Such insurance policies must be written by an insurance company acceptable to us and which has a rating of "A-8" or higher with A.M. Best Company and will include the types and coverage amounts as we require from time to time as set forth in the Area Representative Manual if we choose to create one. The types and amounts of coverage we require are minimums that we establish for our own benefit. We make no representation that such minimums will be adequate for your needs or desires. You will conduct your own investigation and, at your discretion, purchase such coverages over and above the minimums we establish as you determine to be appropriate for your own situation.

Purchase Agreements, Material Benefits, and Revenue

We have not negotiated any purchase arrangements with manufacturers and suppliers (including price terms) for the benefit of Area Representatives, but we may do so in the future. We and/or our affiliates do not currently but may in the future derive revenue based on your purchases and leases (including from charging you for goods or services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our Area Representatives). Unless provided in the agreement with the approved supplier, neither we nor our affiliates will be obligated to spend funds received from approved suppliers nor are we or they bound to spend these funds in any particular manner or for any particular purpose.

Although we do not derive revenue based on your purchases and lease, we could derive revenue from franchisee purchases. As of the issuance date of this FDD, we have not derived any revenue from required purchases from franchisees.

We do not provide material benefits to Area Representatives for purchasing particular products or services or using designated or approved suppliers. We may also establish purchasing programs with certain suppliers for supplies, equipment, and other materials. As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for Area Representatives.

As of the issuance date of this Disclosure Document, none of our officers own any interest in the approved supplier.

Item 9.

FRANCHISEE'S OBLIGATIONS

This table lists our principal obligations under the Area Representative Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases/leases	Not applicable	Not applicable
(c) Site development and other pre-opening requirements	Not applicable	Not applicable
(d) Initial and ongoing training	Section 6	Items 6, 7, and 11
(e) Opening	Section 6	Item 11
(f) Fees	Sections 4A, 4B, 4C, 4D, and 14B	Items 5, 6, and 7
(g) Compliance with standards and policies/Area Representative Manual	Sections 6B and 8	Items 8 and 11
(h) Trademarks and proprietary information	Sections 7 and 12	Items 13 and 14
(i) Restrictions on products/services offered	Sections 3A, 3B, 3D, 3E, 3F, 3G, 8B, 8F, and 9A	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Section 8	Item 11
(k) Territorial development and sales quotas	Sections 2A, 2B, 3A, 3E, and 3F	Item 12
(l) On-going product/service purchases	Section 8G	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
(n) Insurance	Section 8C	Items 7 and 8
(o) Advertising	Sections 3C, 9A, and 9B	Items 6, 7, 8, and 11
(p) Indemnification	Section 18D	Item 6
(q) Owner's participation/ management/staffing	Sections 1C and 8B	Items 11 and 15
(r) Records and reports	Sections 10A and 10B	Item 6
(s) Inspections and audits	Sections 11	Items 6 and 11
(t) Transfer	Sections 14	Item 17
(u) Renewal	Section 15	Item 17
(v) Post-termination obligations	Sections 17	Item 17

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(w) Non-competition covenants	Sections 13A and 13B	Item 17
(x) Dispute resolution	Sections 19	Item 17

Item 10.

FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other 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.

Assistance to Begin Operation of Your Area Representative Business

Before you open your Area Representative Business, we (or our designees) will:

1. Register our current franchise disclosure document for VOLOFIT Businesses under our Unit Franchise program, or file for an exemption under state franchise laws, as necessary for the sale of VOLOFIT Businesses in your Territory. (Area Representative Agreement – Section 3.C)

2. Provide Initial Training to you (or your Operating Partner) (if applicable). (Area Representative Agreement – Section 6.A)

3. Provide you one copy of the Area Representative Manual if we choose to create one. (Area Representative Agreement – Section 6.B)

4. Review and approve or disapprove your advertising materials prior to your use of all advertising and promotional materials. (Area Representative Agreement – Section 9.B)

Opening Requirements

You may begin operating your Area Representative Business immediately upon completing our Initial Training, unless we notify you that we need to register our franchise disclosure document in your Territory, or take any other actions required under state or federal franchise laws prior to authorizing the sale of VOLOFIT Businesses under our Unit Franchise program in your Territory. In such case, there may be a delay before you may begin sales efforts in your Territory. Such delay may be a few days or a few months depending on the state in which we must register, but we estimate that it will be between two (2) to four (4) weeks on average. We do not provide you any assistance with site selection because you are not required to locate a site or open a VOLOFIT Business under the Area Representative Agreement. At this time, we have no minimum requirements or specifications for your office and we do not require that you purchase any specific office furniture, equipment or supplies, although we reserve the right to impose these requirements in the future.

Assistance During the Operation of Your Area Representative Business

During the operation of your Area Representative Business, we (or our designees) will:

1. Provide you additional training should we believe additional training is required. (Area Representative Agreement – Section 6.A)

2. Continue to maintain registration of our franchise disclosure document for VOLOFIT Businesses, or file for an exemption under state franchise laws, as necessary for the sale of VOLOFIT Businesses under our Unit Franchise program in your Territory. (Area Representative Agreement – Section 3.C)

3. Review the application materials you submit for each prospective Franchisee in your Territory, and approve or disapprove such prospective Franchisee. (Area Representative Agreement – Sections 3.D and 3.E)

4. Review and either approve or disapprove the opening of all VOLOFIT Businesses in the Territory. (Area Representative Agreement – Section 3.H)

5. Continue to provide you access to the Area Representative Manual if we choose to create one. (Area Representative Agreement – Section 6.B)

6. Review and either approve or disapprove your advertising materials prior to your use of all advertising and promotional materials. (Area Representative Agreement – Section 9.B)

7. Let you use our Marks and certain copyrighted and copyrightable materials. (Area Representative Agreement – Sections 2.A and 7.A)

8. Pay your commissions. (Area Representative Agreement – Section 5)

Area Representative Manual

We currently communicate the standards for operating an Area Representative Business in our Initial Training and will continue to do so in written memoranda that we send to our system of area representatives. We do not currently have, and have no current plans to create, an operations manual that relates to the operation of your Area Representative Business. If we elect to do so, in our sole discretion, we may create an "Area Representative Manual" that may be comprised of one or more separate manuals delivered in any format we elect to use. If we choose to create one, the Area Representative Manual may contain both mandatory requirements (for example, specifications, standards, operating procedures and rules that we periodically prescribe for operating Area Representative Businesses) ("Area Representative Standards"), and other general information regarding your operations, some of which we may suggest or recommend from time to time. Any Area Representative Manual we choose to create will be subject to periodic changes to reflect changes to our Area Representative Standards. Our master copy of any Area Representative Manual we choose to create will be the controlling version. If created, the Area Representative Manual's contents will be confidential, and you will be permitted to access and use it solely for the operation of your Area Representative Business. Since we do not currently have an Area Representative Manual, there is no Area Representative Manual table of contents to attach to this Disclosure Document.

In addition, since you will be providing ongoing support services that we may designate from time to time to Franchisees (the "Support Services"), we will provide you with a copy of or access to our confidential manuals for the operation of Unit Franchises (collectively, the "Operations Manual"). The Operations Manual may be comprised of one or more separate manuals that may be delivered in any format we elect to use. The Operations Manual will contain both mandatory requirements (for example, specifications, standards, operating procedures and rules that we periodically prescribe for operating VOLOFIT Businesses ("System Standards"), and other general information regarding your operations, some of which we may suggest or recommend from time to time. We may modify the Operations Manual periodically to reflect changes in System Standards. If there is a discrepancy between our copy of the Operations Manual and yours, our copy of the Operations Manual controls. The Operations Manual's contents are confidential and you will use it solely for the operation of your Business and will not allow it to be accessed by persons who are not authorized to review it. You will not disclose the Operations Manual or its contents to any person other than your employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you will obtain a replacement copy at our then applicable charge. Upon request, we will permit you to view the Manual at our Headquarters before you purchase the franchise. To protect the confidentiality of the Manual, we will require you to execute a Confidentiality Agreement prior to your viewing the contents of the Manual.

Advertising and Promotion

You are required to conduct advertising, at your expense, to solicit prospective Franchisees in your Territory. You must advertise in any advertising medium we determine, using forms of advertisement we approve. We may require you to spend a minimum amount per quarter to advertise and promote the Unit Franchise opportunity in your Territory (including the costs of online directory advertising) (the "Local Marketing Expenditure"). We will not require you to spend more than $1,000 per quarter for your Local Marketing Expenditure. We may periodically require that you send us, in the manner we prescribe, an accounting of your Local Marketing Expenditures during the preceding month and year to date.

You must send us for approval samples of all partnership, advertising, promotional, and marketing materials, which we have not prepared or previously approved at least 14 days before you intend to use them. If we do not approve the materials within 14 days of our receipt of these materials, then they will be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved in writing.

We may decide to provide you a supply of stock digital templates that we develop for advertising, marketing and promotional materials. We may also decide to provide you modified or additional templates that you have requested. If we provide you any additional or modified templates that you have requested, we may charge you the direct costs we incur in creating those templates, including any fees paid to third party service providers. You will bear all costs associated with producing, shipping, handling and storing marketing and advertising materials created using templates we have provided.

Local Advertising Cooperative. We reserve the right to require your participation in a local or regional advertising cooperative. At our written request, you may be required to establish or manage a local or regional advertising cooperative comprised of Franchisees of VOLOFIT Businesses in your Territory in the future.

Area Representative Advisory Council. We do not have an area representative advisory council that advises us on advertising policies, though we may establish such a council in the future.

System Website. We may establish, and may periodically update and modify, a website to advertise, market, and promote VOLOFIT Businesses under our Unit Franchise program generally, the products and services that they offer and sell, and/or the area representative and Unit Franchise opportunities (the "System Website"). We do not expect that you will have a page on our System Website, but, if we do provide you with one, we will only maintain it and may allow it to remain on the System Website only while you are in full compliance with the Area Representative Agreement and all Area Representative Standards. We will own all intellectual property and other rights in the System Website, including your webpage, and all information they contain (including the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply). We have final approval rights and control over all information on the System Website. You may not create your own website for your Area Representative Business without our prior written approval, which we may grant, withhold or condition in our sole discretion.

Computer System and Hardware

You must obtain and use in the operation of your Area Representative Business the integrated computer hardware and software system that we designate (collectively, the "Computer System"). We estimate the cost to obtain the components of the Computer System, which includes at least one laptop and one iPad with internet connection, to be $1,000 - $2,000. We may mandate that you use certain software in the operation of your Area Representative Business that requires you to enter into a license agreement with us, our affiliate, or a designated third-party software licensor. Currently, Area Representatives will use the software necessary to access MindBody/FitMetrix, LoyalSnap, Naranga, Mailchimp, and QuickBooks (collectively, the "Required Software"). We reserve the right to further change the Computer System on notice to you. You may be required to collect data in the computer system that will be generated or stored in the computer system that may include but not limited to financial and sales information, client database (that may include name, email, and phone number), and similar information concerning your sales efforts under the Area Representative Agreement.

You may purchase these hardware components from any supplier. Currently, we estimate the monthly cost of the Required Software to be $100 - $200. You must use the e-mail account provided by us and all specified points of high-speed internet connection. We may also charge you a technology fee in consideration of certain support we provide you for the Required Software (we do not currently assess the technology fee, but we estimate it would currently be $950 per month if we were to assess), as well as providing and maintaining an email address for you.

Although the Computer System must meet our standards and specifications, you will ensure that it functions properly. We are not liable for any failure of the Computer System's hardware or software, programming interfaces, internet connectivity or security measures. We may modify specifications for, and components of, the Computer System. Our modification of specifications for the Computer System, and other technological developments or events, might require you to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System. We estimate the annual costs for optional or required updates to the Computer System or required service or support to be $0 to $1,000 per year. We have no obligation to reimburse you for any Computer System costs. If we modify the specifications for and components of the Computer System, you will implement those changes within 90 days after you receive notice from us. We do not currently anticipate that there will be an annual maintenance cost for the Computer System.

The Computer System will give us and our affiliates independent, unlimited access to all information relating to your Area Representative Business, including client information, customer information and customer polling. There are no contractual limitations to our and our affiliates' right to access this information and data. At our request, you must sign a release with third-party vendors providing us with unlimited access to your data.

Training

Initial Training

At least 60 days before you commence operation of your Area Representative Business, we or our designee will provide training relating to the operation of your Area Representative Business (the "Initial Training"). Currently, the initial training program involves approximately 3 days of training at our headquarters, Corporate studio, or at another location we designate. We will determine the format, substance, duration, location, and scheduling of our initial training program. The instructional materials for the training include printed manuals, online manuals, and may include online interactive software. We will charge a non-refundable initial training fee of $2,000 for up to two (2) people to attend our initial training program (such training fee does not include the cost of food, lodging and other expenses for your attendees). You may elect to send additional managers, owners or trainers to attend initial training provided that you pay our additional training fees for such persons (as described below).

Training classes are not held on a regular schedule. We will schedule the program based on your and our availability and the projected opening date of your Area Representative Business.

The initial training program is designed to cover all phases of the operation of an Area Representative Business, including, but not limited to, sales development and how to support

VOLOFIT Businesses. We may vary the Initial Training based on the experience and skill level of the individual(s) attending, including by providing no Initial Training if we determine that the required attendees are experienced in the subject matters being taught. Currently, our standard Initial Training is comprised of 16 hours of classroom training at our headquarters, Corporate studio or another location we designate. We may require any individual attending Initial Training to execute a confidentiality agreement in the form provided by us.

We are not required to provide any training other than the Initial Training, but we may require you and your personnel to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate. In addition, you will attend an annual conference of all Area Representative Business franchise owners at times, days and locations we designate. We may charge you a fee for you and your personnel to attend the annual conference (estimated to be $500 per day), and you will be required to pay that fee even if you do not attend.

We will not be responsible for any travel or living expenses which you or your personnel incur during any training courses, programs or meetings, or for their wages, benefits, or workers' compensation insurance while attending training.

As of the date of this Disclosure Document, we provide the following initial training:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Area Representative Sale/Support Training	16	0	Our headquarters, Corporate studio or other location we approve (possibly Charlotte, NC)
TOTAL	**16**	**0**	

The hours devoted to each subject are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject, and scheduling. You (or your Operating Partner) and any required employee must complete all required training to our satisfaction

Brandon McGill and other members of the VOLOFIT team, who have at least 1 years experience with fitness related businesses, will conduct the training program. Brandon McGill has over 15 years of experience in boutique fitness operations, sales and product development with a background in high performance coaching and staff education and development. He has worked across every facet of boutique fitness studio operation and franchisor support.

Item 12.

TERRITORY

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

However, while you are in compliance with the Area Representative Agreement, including your Development Schedule, and all other agreements with us and our affiliates, we and our affiliates will not offer or grant another person an Area Representative Franchise within the Territory. Other than the Territory identified in your Area Representative Agreement, there is no minimum territory we must provide Area Representative Franchises. Your rights in your Territory are dependent on you achieving a sales volume consistent with your Development Schedule (our current minimum is a sale of 15 franchises within the agreed upon development period), and your continued compliance with the terms of your Area Representative Agreement. If you fail to meet your Development Schedule, or fail to comply with your Area Representative Agreement, we may elect to terminate your Area Representative Franchise and/or your Territory.

You may only operate your Area Representative Business within the Territory which will be approved by us. You may not relocate your Territory. You may not use other channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Territory without our consent.

You are acquiring only the right to develop and operate an Area Representative Business in your specified territory and, except for your rights in the Territory as described above, we and our affiliates retain the right at all times during and after the term of the Area Representative Agreement to engage in any and all other activities we (and they) deem appropriate (without compensation or obligation whatsoever to you except as otherwise specifically provided in the Area Representative Agreement). For example, and without limitation, we and our affiliates may do the following:

(1) subject to our obligation to pay Sales Commissions and Royalty Commissions (as defined in Section 5), use and license others to use the Marks and System anywhere in the world and for any purpose, including to:

   a. own and operate VOLOFIT Businesses at any location;

   b. solicit prospective Franchisees;

   c. grant Franchises to operate VOLOFIT Businesses on such terms and conditions as we deem appropriate; and

   d. provide services to Franchisees;

(2) establish, operate, promote, sell or support, and allow others to establish, operate, promote, sell or support, businesses providing products or services the same as or similar to those provided by your Area Representative Business anywhere, including within the Territory, under any trade names, trademarks, service marks and commercial symbols different from the Marks;

(3) use the Marks and System in connection with some or all of the same products and services offered by your Area Representative Business, other services and products,

promotional and marketing efforts or related items, or in alternative channels of distribution at any location, or through the internet, including to customers within the Territory; and

(4) to engage in all other activities not expressly prohibited by the Area Representative Agreement.

You may not create your own website for your Area Representative Business without our prior written approval, which we may grant, withhold or condition in our sole discretion.

We are not required to compensate you if we exercise any of the rights specified above inside or outside your Territory. You are not granted any options, rights of first refusal or similar rights to acquire additional area representative rights or to expand your Territory under the Area Representative Agreement. You may only operate your Area Representative Business within your Territory. You may not operate your Area Representative Business at any location outside of the Territory.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the Area Representative Agreement does not prohibit us from doing so.

Item 13.

TRADEMARKS

Under the Area Representative Agreement, we grant you the non-exclusive right and obligation to use the Marks solely for the purpose of developing and operating your Area Representative Business.

Our Parent owns the following marks, which have been filed with the United States Patent and Trademark Office. The Proprietary Marks are licensed to us pursuant to a Trademark License Agreement. In the Trademark License Agreement our Parent authorizes us to use the Proprietary 31 VOLOFIT Franchising, LLC 2020 FDD Marks in connection with the offer, sale, and support of VOLOFIT franchises. The Trademark License Agreement has a perpetual term.

The following mark is registered on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date	International Classes
VOLOFIT	6297106	March 16, 2021	41

All required affidavits have been filed. No renewals have yet been required.

Our Parent has filed for registration on the Principal Register of the United States Patent and Trademark Office the following mark:

Mark	Serial Number	Filing Date	International Classes
VOLOFIT	88848300	March 26, 2020; Published for Opposition on July 21, 2020	25

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits have been filed. No renewals have yet been required. There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringements, oppositions or cancellations, and no pending material litigation involving any of the Proprietary Marks. There is no pending material federal or state court litigation involving the use or ownership rights in our Marks.

We are not aware of any infringing uses that could materially affect your use of the Marks. Except as described with respect to the License Agreement, there are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logo-types or other commercial symbols in a manner material to the franchise. There is presently no effective determination of the USPTO, the US Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal trademarks, service marks, trade names, logo-types or other commercial symbols.

You must use the Marks as we require and may use only the Marks we designate in connection with the operation of your Area Representative Business. You may not use the Marks in any advertising for the transfer, sale or other disposition of your Area Representative Business or any interest in the franchise. You are not allowed to use a Mark as part of a corporate name or with modifying words, designs or symbols except with our consent which we may withhold in our absolute discretion. You may not use our Marks in the sale of an unauthorized product or service or in any manner we do not authorize in writing. You may not use the Marks as part of any user name, screen name or profile in connection with any social networking sites or blogs, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

You may not contest, directly or indirectly, our ownership of the Marks, trade secrets, methods and procedures that are a part of the System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information and symbols. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our and our affiliates' benefit.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any and all actions we deem appropriate and we have the right to exclusively control any litigation, PTO proceeding or other administrative proceeding related to any Mark. You must execute all documents, render assistance and do these things as we deem or our counsel deems advisable to protect and maintain our interests. We are not otherwise required to indemnify you with respect to claims arising from your use of the Marks.

We may require you to use new Marks that we deploy in the operation of VOLOFIT Businesses, and we may modify or discontinue use of any Mark. You must comply with our instructions in this regard, at your costs, within a reasonable time after notice by us not to exceed 30-days.

Item 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights to any patent that is material to the franchise or your Area Representative Business. We do not have any pending patent applications that are material to the franchise.

Although neither we nor any of our affiliates have registered our copyrights, we or our affiliates claim copyright protection for all written materials we or they develop to assist you in the development and operation of your Area Representative Business, including an Area Representative Manual should we choose to create one. There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated to protect or defend our copyrights, although we currently intend to do so. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We and our affiliates possess and may continue to develop certain proprietary and confidential information, including trade secrets, used in the operation of Area Representative Businesses and VOLOFIT Businesses. This proprietary and confidential information includes know-how and other information regarding business development and operating processes and tools; training and operations materials and manuals, including any passwords and other digital or other identification used to access these materials; the standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Area Representative Businesses and VOLOFIT Businesses; market research, promotional, marketing and advertising programs for VOLOFIT Businesses; knowledge of specifications for pricing and suppliers of Operating Assets and other products and supplies; any computer software or similar technology which is proprietary to us, our affiliates, or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Area Representative Businesses and VOLOFIT Businesses; customer lists, information, and data; and other information that is valuable and treated by us as confidential information.

You and your owners will not acquire any interest in the confidential information other than the right to use it in operating your Area Representative Business. You must maintain the absolute confidentiality of the confidential information during and after the expiration or termination of the Area Representative Agreement. You and your owners can divulge this confidential information only to individuals or entities specifically authorized by us in advance, or to your employees or contractors who must have access to it to operate your Area Representative Business, however, these individuals or entities must be under a duty of confidentiality no less restrictive than your obligations to us under the Area Representative Agreement. We may require you to have your employees and contractors execute individual undertakings and have the right to regulate the form of and be a party to or third-party beneficiary under any of these agreements. Neither you nor your owners are permitted to make unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person.

Item 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an entity, you must identify one of your owners who is a natural person with at least a 10% ownership interest and voting power in you and the owner you designate to supervise your operations of your Area Representative Business must be the same person (the "Operating Partner"). We have full discretion to approve of the Operating Partner. You or your Operating Partner must supervise the management and day-to-day operations of your Area Representative Business and continuously exert best efforts to promote and enhance your Area Representative Business and the goodwill associated with the Marks.

You (or your Operating Partner) and any required employee must complete all required training to our satisfaction. If your Operating Partner ceases to own at least its required ownership interest in you, you must recruit a new Operating Partner within 30 days of the change in ownership and submit the identity of the new Operating Partner to us for our review and approval. If you appoint a new Operating Partner, such person must complete the Initial Training, as applicable, within 30 days after the date of appointment. You must keep us informed at all times of the identity of the Operating Partner.

If you are a corporation, limited liability company, or partnership, your direct and indirect owners must personally guarantee your obligations under the Area Representative Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. Our form of "Guaranty and Assumption of Obligations" is attached as Exhibit B to the Area Representative Agreement. In addition, if these owners are married, their spouse may have to consent in writing to their signing of the guaranty. Such spousal consent also serves to bind the assets of the marital estate to the owner's performance of the guaranty.

Item 16.

RESTRICTIONS ON WHAT THE AREA REPRESENTATIVE MAY SELL

Your Area Representative Business may provide only the Sales Services and Support Services described in the Area Representative Agreement to prospective VOLOFIT franchisees, as they relate to VOLOFIT Businesses under our Unit Franchise program. You are not authorized to sign any Franchise Agreements on our behalf, and we must counter-sign all Franchise Agreements with Franchisees.

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We have the right to change the authorized products and services and their respective standards, specifications and requirements under our Unit Franchise program. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. There is no limit on our right to make these changes.

Neither you nor any of your employees or representatives may solicit prospective Franchisees until we have registered our current franchise disclosure document in applicable jurisdictions and have provided you with the requisite documents, or at any time when we notify you that our registration is not then in effect or our documents are not then in compliance with applicable law. We and our affiliates and designees are not liable to you for any errors, omissions, or delays which occur in the preparation of such materials. You may not use the services of any third-party sales brokers unless we grant you our prior approval to use such brokers.

[*Remainder of page intentionally left blank*]

Item 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE AREA REPRESENTATIVE RELATIONSHIP

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

Provision	Section in Area Representative Agreement	Summary
(a) Length of the franchise term	Section 2.C	The Term of the Area Representative Agreements begins on its Effective Date and expires on the earlier of the actual or scheduled expiration of the Development Schedule. The length of the Development Schedule will vary depending on the size, nature and make-up of the Territory and the number of VOLOFIT Businesses that are required to be open in the Territory, but we expect that the typical Development Schedule will run for ten (10) years.
(b) Renewal or extension of the term	Section 15	Two (2) successor terms of five (5) years.
(c) Requirements to renew or extend	Section 15	The term “renewal” refers to extending your area representative rights at the end of your initial term and any other renewal or extension of the initial term. To operate your Area Development Business for a successor term, the following must be met: Prior written notice; substantial compliance with the Area Representative Agreement through the Term; we mutually agree upon a development schedule for the successor Area Representative Agreement; you pay us then-current initial area representative fee for the development schedule under the successor Area Representative Agreement; sign then-current Area Representative Agreement, which may materially differ from your current Area Representative Agreement; and sign (if state law allows) general releases and other ancillary agreements.

Provision	Section in Area Representative Agreement	Summary
(d) Termination by franchisee	Section 16.A	You may terminate the Area Representative Agreement if you are in full compliance with the Area Representative Agreement and we materially fail to comply with the Area Representative Agreement and do not cure within 60 days after you deliver written notice of the material failure, effective an additional 60 days after you deliver written notice of termination.
(e) Termination by franchisor without cause	Not Applicable	We may not terminate the Area Representative Agreement without cause.
(f) Termination by franchisor with cause	Section 16.B	We may terminate the Area Representative Agreement only if you (or your owners or Operating Partner) commit one of several violations.
(g) "Cause" defined — curable defaults	Section 16.B	You have 10 days to cure monetary defaults; 30 days to cure a failure to comply with the Area Representative Agreement or any of our Area Representative Standards; and 10 days to cure any violation of a law, regulation, ordinance or consent decree, or failure to maintain any bond license or permit.
(h) "Cause" defined — non-curable defaults	Section 16.B	You make a material misrepresentation or omission; you (or your Operating Partner) do not satisfactorily complete the Initial Training; you abandon or cease operating the Area Representative Business for a period of 14 days or any shorter period that indicates your intent to discontinue operations; submission of false or misleading reports; termination of the greater of one (1) Opened VOLOFIT Business within the Territory or 20% of all Opened VOLOFIT Businesses within the Territory, as a result of Franchisees' failure to meet standards and specifications due to Area Representative's failure to provide required support services; unapproved transfer; conviction of a felony; failure to maintain insurance; dishonest or unethical conduct; unauthorized use or disclosure of confidential information; three (3) or more violations during any 12-month period; two (2) or more repeated violations during any 12-month period; an assignment for the benefit of creditors; the Area Representative Agreement or any other agreement between us and you terminates.

Provision	Section in Area Representative Agreement	Summary
(i) Franchisee’s obligations on termination/non-renewal	Section 17	You must pay all amounts due within 15 days; complete de-identification, including removal of signs and Marks; cease using the Marks and System and operating your Area Representative Business; cancel all fictitious or assumed name registrations relating to the Marks; cease operation and cancel any rights or accounts of any website or online presence related to your Area Representative Business or Marks; comply with confidentiality requirements; and return the Area Representative Manual (if we have provided you with one) and software and other proprietary materials.
(j) Assignment of contract by franchisor	Section 14.A	There is no restriction on our right to assign.
(k) “Transfer” by franchisee — defined	Section 14.B	A transfer includes a voluntary, involuntary, direct, or indirect assignment, sale, gift or other disposition of any interest in you.
(l) Franchisor approval of transfer by franchisee	Section 14.B	You may not transfer the Area Representative Agreement without our prior written approval.
(m) Conditions for franchisor approval of transfer	Section 14.C	You meet your Development Schedule; no breach; transferee has sufficient experience; you have paid all amounts owed to us; transferee does not operate a competitive business; transferee and its managers complete Initial Training; transferee signs then-current Area Representative Agreement; you pay a transfer fee of $10,000; you and your owners sign a general release; transferee’s owners sign a personal guaranty; purchase price for business does not jeopardize it; and you comply with its post-termination obligations as if your Area Representative Agreement had expired or been terminated
(n) Franchisor’s right of first refusal to acquire your Area Representative Business	Section 14.E	We have a 30-day right of first refusal and can match offers under the Area Representative Agreement.
(o) Franchisor’s option to purchase your Area Representative Business	Not Applicable	Not Applicable
(p) Your death or disability	Not Applicable	Not Applicable

Provision	Section in Area Representative Agreement	Summary
(q) Non-competition covenants during the term of the franchise	Section 13	No ownership interest in or performing services for a Competitive Business located anywhere; no solicitation or interference with our or our affiliates or Franchisees relationships with any customers, vendors, Franchisees or clients; and no engagement in any other activity injuring the goodwill of the Marks and the System. "Competitive Business" under the Area Representative Agreement means (i) any business (other than a VOLOFIT Business) that offers products or services related to fitness or exercise, including any other boot camp concept, gym, or studio, (ii) any business that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by businesses owned, operated, franchised or licensed by us or our affiliates, or (iii) any business that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.
(r) Non-competition covenants after the franchise is terminated or expires	Section 17.A	For a period of two (2) years following termination or expiration of the Area Representative Agreement, you may not have any direct or indirect interest in a Competitive Business located or operating within the Territory, or within a 5-mile radius of any Supported VOLOFIT Business. Additionally, you may not interfere with our or our affiliates' relationships with any vendors, consultants, or clients or engage in any activity that might injure the goodwill of the marks or system.
(s) Modification of the agreement	Section 19.I	No modification unless by written agreement of both parties, but the Area Representative Manual (if we choose to create one) and our Area Representative Standards are subject to change.
(t) Integration/merger clause	Section 20	Only the terms of the Area Representative Agreement are binding (subject to applicable state law). Any representations or promises outside this Disclosure Document and Area Representative Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 19.E	On demand of either party, all controversies, disputes or claims between us must be submitted for binding arbitration (subject to state law).

Provision	Section in Area Representative Agreement	Summary
(v) Choice of forum	Sections 19.E and 19.G	Subject to the arbitration requirement, litigation generally must begin in the state or federal court of general jurisdiction closest to our then-current principal place of business (currently Charlotte, North Carolina) (subject to state law).
(w) Choice of law	Section 19.F	Except for the Federal Arbitration Act and other federal law, the law of the State of North Carolina governs (subject to state law).

Item 18.

PUBLIC FIGURES

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

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 financial performance 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 Andrew ("Britt") Canady, TM Bootcamp Franchising, LLC 2820 Selwyn Avenue, suite 692, Charlotte, NC 28209, (973) 699-4963, the Federal Trade Commission, and the appropriate state regulatory agencies.

[*Remainder of page intentionally left blank*]

Item 20.
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE AREA REPRESENTATIVE FRANCHISES SUMMARY FOR FOR YEARS 2019 TO 2021[1]

Outlet Type	Year	Area Representative Franchises at the Start of the Year	Area Representative Franchises at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Businesses	**2019**	**0**	**0**	**0**
	2020	**0**	**0**	**0**
	2021	**0**	**0**	**0**

1. The numbers reflected in this Item 20 are those pertaining only to the franchise offered in this Disclosure Document (the Area Representative Franchises) and do not reflect numbers relating to VOLOFIT Businesses. Unless otherwise indicated, all figures in these Item 20 charts are as of December 31 of each year.

TABLE NO. 2
TRANSFERS OF AREA REPRESENTATIVE FRANCHISES FROM AREA REPRESENTATIVES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2019 TO 2021

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
Total	**2019**	**0**
	2020	**0**
	2021	**0**

TABLE NO. 3
STATUS OF AREA REPRESENTATIVE FRANCHISES
FOR YEARS 2019 TO 2021

State	Year	Area Representative Franchises at Start of Year	Area Representative Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Area Representative Franchises at End of Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Totals	**2019**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 4
STATUS OF COMPANY-OWNED AREA REPRESENTATIVE FRANCHISES
FOR YEARS 2019 TO 2021

State	Year	Area Representative Franchises at Start of Year	Area Representative Franchises Opened	Area Representative Franchises Reacquired from Franchisee	Area Representative Franchises Closed	Area Representative Franchises Sold to Franchisee	Area Representative Franchises at End of Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	**2019**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Area Representative Agreements Signed But Not Opened	Projected New Area Representatives in the Next Fiscal Year	Projected New Company-Owned Area Representative Franchises in the Next Fiscal Year
Florida	1	1	0
North Carolina	0	1	0
Texas	0	1	0
Totals	**1**	**3**	**0**

A list of all Area Representatives, as well as their addresses and telephone numbers is attached as Exhibit F to this Disclosure Document. There were no Area Representatives who had an Area Representative Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the System.

No Area Representative has signed a confidentiality agreement during the last 3 fiscal years restricting its ability to speak openly about its experience with our System. We are not aware of any trademark-specific Area Representative or Franchisee organizations associated with our System.

Item 21.

FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal year ended December 31, 2021 and for the period from October 15, 2020 to December 31, 2020. Our fiscal year end is December 31.

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.

Item 22.

CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

(a) Exhibit B – Area Representative Agreement

(b) Exhibit C – State Addenda and Agreement Riders

(c) Exhibit E – Representations and Acknowledgment Statement

(d) Exhibit G – Sample General Release

Item 23.

RECEIPTS

Exhibit H contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation:
1 (866) 275-2677

Los Angeles

Commissioner of Financial Protection and Innovation
Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

Commissioner of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205

San Francisco

Commissioner of Financial Protection and Innovation
One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

GEORGIA

Georgia Secretary of State
Corporations Division
2 Martin Luther King, Jr. Drive
Suite 315
Atlanta, Georgia 30334
(404) 651-8600

HAWAII

(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054

6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222 Phone
(212) 416-6042 Fax

(agent for service of process)

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9733

(agent for service of process)

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9672

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT B

AREA REPRESENTATIVE AGREEMENT

VOLOFIT FRANCHISING, LLC

AREA REPRESENTATIVE AGREEMENT

____
AREA REPRESENTATIVE

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TERRITORY DESCRIPTION

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AREA REPRESENTATIVE AGREEMENT

THIS AREA REPRESENTATIVE AGREEMENT (the "**Agreement**") is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company having its address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("**us**") and ___________________________________, a ____________________________ having its address at ______________________________ ("**you**"), as of the Effective Date.

1. PRELIMINARY MATTERS.

A. PREAMBLES.

(1) We and our affiliates own and grant franchises for the VOLOFIT® brand (each a "Franchise") which consists of a system of businesses that provide members a transformative functional fitness experience based on the four pillars of strength, endurance, agility and power in a group setting, along with related products and services we authorize from time to time (each a "VOLOFIT Business"). Each VOLOFIT Business is required to use the VOLOFIT® trademark and such other trademarks we designate from time to time (the "Marks") and a business format, business system, methods, procedures, signs, designs, layouts, standards, and specifications that, in each case, we designate from time to time (the "System").

(2) We also grant to persons or entities that we determine meet our criteria the right to act as our representative in connection with the solicitation of prospective owners of VOLOFIT Businesses (each a "Franchisee") and to act as our representative in providing certain services that we agree to provide to Franchisees under franchise agreements for VOLOFIT Businesses. You have applied for the right to act as our representative and have provided us with certain information and documentation to support your ability to do so. In reliance on that information and documentation you have provided (the "Application Materials"), we are willing to grant you the rights described in this Agreement.

B. ACKNOWLEDGMENTS AND REPRESENTATIONS.

You acknowledge and represent to us that you have independently investigated the opportunity described in this Agreement and recognize that, like any other business, the nature of the business you conduct under this Agreement (your "**Area Representative Business**") may, and probably will, evolve and change over time. We do not guarantee the success of your Area Representative Business or your investment in Area Representative Rights (as defined in Section 2 below), and, among other things, your own business abilities and efforts are vital to your Area Representative Business. In all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us. You have represented to us, to induce our entry into this Agreement, that the Application Materials are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Area Representative Rights.

C. LEGAL ENTITY.

If you are a non-individual legal entity (an "**Entity**"), you represent that Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. Each of your direct and indirect owners and your and their spouses must execute a guaranty in the form we prescribe. Our current form of guaranty is attached as Exhibit B to this

Agreement. You must identify and, subject to our approval, designate one of your owners to be your "Operating Partner." Your Operating Partner must be a natural person, must own at least a 10% ownership interest and voting power in you, and must have legal and business authority to act on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by your Operating Partner will be final and binding on you, and we will be entitled to rely solely on the decision of your Operating Partner without discussing the matter with any other person. We will not be held liable for any acts or omissions based on any decision or actions of your Operating Partner.

2. AREA REPRESENTATIVE RIGHTS.

A. GRANT OF AREA REPRESENTATIVE RIGHTS.

We hereby grant you the rights to act as our authorized representative, solely within the geographic area described on Exhibit A (the "**Territory**"), to engage in the Sales Services and Support Services, as described in Section 3 below (the "**Area Representative Rights**"). You accept the Area Representative Rights and agree to exercise and discharge them in strict compliance with this Agreement. For so long as you are in full compliance with the terms and conditions of this Agreement and all other agreements with us and our affiliates, and subject to our rights under Section 2.B below, we and our affiliates will not offer or grant to any other person or Entity Area Representative Rights within the Territory while this Agreement is in effect.

B. RIGHTS WE RESERVE.

Subject to our agreement not to grant conflicting Area Representative Rights in the Territory as described in Section 2.A above, the rights granted in this Agreement are nonexclusive, and we and our affiliates may engage in all activities other than those which we have expressly agreed in this Agreement not to engage. For example, and without limitation, we and our affiliates may do the following:

(1) subject to our obligation to pay Sales Commissions and Royalty Commissions (as defined in Section 5), use and license others to use the Marks and System anywhere in the world and for any purpose, including to;

(a) own and operate VOLOFIT Businesses at any location;

(b) solicit prospective Franchisees;

(c) grant Franchises to operate VOLOFIT Businesses on such terms and conditions as we deem appropriate; and

(d) provide services to Franchisees;

(2) establish, operate, promote, sell or support, and allow others to establish, operate, promote, sell or support, businesses providing products or services the same as or similar to those provided at VOLOFIT Businesses anywhere, including within the Territory, under any trade names, trademarks, service marks and commercial symbols different from the Marks; and

(3) use the Marks and System in connection with some or all of the same products and services offered by VOLOFIT Businesses, other services and products, promotional and

marketing efforts or related items, or in alternative channels of distribution at any location, or through the internet, including to customers within the Territory.

If we exercise any of the foregoing rights, we may do so without compensation or other obligation to you unless otherwise expressly provided in this Agreement.

C. TERM.

The term of this Agreement (the "**Term**") begins on the Effective Date and expires on the earlier of the actual or scheduled expiration of the Development Schedule.

3. YOUR OBLIGATIONS.

You agree that during the Term, you will at all times faithfully, honestly and diligently perform your obligations hereunder and will continuously exert your best efforts to promote and enhance the development and operation of VOLOFIT Businesses within the Territory and the goodwill of the Marks, and to fully exploit the Area Representative Rights during the Term and throughout the Territory. You may not subcontract or delegate any of your obligations under this Agreement to any third parties.

A. YOUR OWNERSHIP OF A VOLOFIT BUSINESS.

You agree to develop and, throughout the Term, own and operate a VOLOFIT Business in the Territory pursuant to a Franchise Agreement to be executed by us and you or your affiliate concurrently with your execution of this Agreement. You will use your VOLOFIT Business to aid in the performance of the Sales Services and Support Services described below.

B. DEVELOPMENT SCHEDULE.

You agree to comply with the Development Schedule set forth in Exhibit A to this Agreement ("**Development Schedule**"). The determination as to whether you have met your Development Schedule shall be made based on the number of VOLOFIT Businesses in the Territory that are open and operating pursuant to an effective Franchise Agreement with us as of the end of each Development Period of the Development Schedule (each an "**Opened VOLOFIT Business**").

C. FRANCHISE REGISTRATION AND DISCLOSURE.

You acknowledge that the offer and sale of franchises is regulated by the Federal Trade Commission and under certain state laws and regulations. You agree to familiarize yourself with and conduct your Area Representative Business in compliance with all such laws and regulations. We will prepare and, if required in the Territory, register any required disclosure or other documents. Neither you nor any of your employees or representatives shall solicit prospective Franchisees of VOLOFIT Businesses until we have registered our current franchise disclosure document (if required in the Territory) and have provided you with the requisite disclosure documents, or at any time when we notify you that our registration is not then in effect or our documents are not then in compliance with applicable law. You agree to promptly provide us with any information we request as necessary for the preparation or registration of disclosure documents. You agree to promptly review all information pertaining to you in the disclosure documents and registration materials and verify its accuracy. We and our affiliates and designees shall not be liable to you for any errors, omissions, or delays which occur in the preparation of such materials.

D. SALES SERVICES.

You are responsible, at your expense, for advertising, recruiting, screening, and interviewing prospective Franchisees within the Territory. You must provide prospective Franchisees with our approved form of application and other approved written information regarding Franchises. You shall submit to us each franchise application you receive and submit each applicant for a Franchise ("**Applicant**") to us for approval. During the vetting process, we may directly engage in discussions with Applicants. You may not use the services of any third-party sales brokers unless we grant you our prior approval to use such brokers. For the purposes of this Agreement, all services you provide related to promoting Franchise sales and screening Franchisees are referred to as "**Sales Services**."

You agree that, subject to our obligation in Section 5 to pay Sales Commissions, we may also, at any time, elect to perform Sales Services in the Territory, but you acknowledge and agree that we have no obligation to conduct any advertising or Franchise sales efforts in your Territory.

E. APPROVAL OF PROSPECTIVE FRANCHISEES.

We will, in our sole discretion, approve or disapprove Applicants to become Franchisees by delivering written notice to the Applicant and you. We will endeavor to deliver such notification to you within 10 business days after the later of: (a) receipt of a complete application and other materials regarding the Applicant we request; or (b) our personal interview of the Applicant. We may refuse to grant a Franchise to an Applicant in our sole discretion for any reason whatsoever. The grant of the Franchise shall be affected only upon and after the full execution of a Franchise Agreement by us and the Applicant. You shall not negotiate any terms or conditions of the Franchise Agreement on our behalf, and you not authorized to commit us to granting a Franchise to any Applicant or to execute a Franchise Agreement on our behalf.

F. SUPPORT SERVICES.

You shall perform those certain ongoing support services that we may designate from time to time, which we are obligated to perform (as franchisor) under each Franchise Agreement that is executed for a Franchise within the Territory (collectively, the "**Support Services**"). The Support Services currently include:

(1) coordinate and guide Franchisees through scheduling and completing our initial training program;

(2) advise and assist Franchisees in complying with their obligations under their Franchise Agreements with regard to the development of their VOLOFIT Business, including site selection and submittal, lease negotiation and review, adaptation of our standard schematic designs for the particular location, selection of architects and contractors, ordering and scheduling delivery and installation of required equipment, and supervision of the construction development of their VOLOFIT Businesses in accordance with the Franchise Agreements;

(3) provide opening support to Franchisees, including assisting and guiding Franchisees in the execution of their grand opening advertising programs and staff training;

(4) on the request of Franchisees, provide reasonable telephone consultation regarding the continuing operation and management of the VOLOFIT Businesses and advice regarding services, product quality control, employee items, and customer relations issues concerning the VOLOFIT Businesses;

(5) meet with each Franchisee one time every calendar month (or at such other intervals as we may designate from time to time) at his or her VOLOFIT Business;

(6) conduct a quality assurance inspection (or re-inspection in the case of a failed inspection) every calendar month for each VOLOFIT Business to assess whether the Franchisee is maintaining the VOLOFIT Business according to our then-current System standards;

(7) develop a VOLOFIT Business-specific quarterly performance plan, which visits must be verified by written reports in a form acceptable to us and be conducted by you or an employee of yours who has been approved by us;

(8) conduct a monthly telephone call with each Franchisee to review and coach the Franchisee on his or her VOLOFIT Business-specific quarterly performance plan;

(9) participate in telephone calls, conference calls, webinars, video conferences, and similar internet-based or telephonic conferences that we host from time to time;

(10) provide Franchisees access to advertising and promotional materials as we may periodically develop, and provide guidance on marketing practices, and assist them in adapting them for use in the Franchisees' local marketing efforts;

(11) at our written request, establish or manage an advertising cooperative for all VOLOFIT Businesses in the Territory using documents, forms and procedures supplied by us;

(12) assist Franchisees in finding a buyer for and selling their VOLOFIT Businesses to a buyer we approve if the Franchisee elects to do so; and

(13) submit other periodic reports related to Franchisee activities using procedures and forms prescribed by us.

Notwithstanding anything in this Agreement to the contrary, we may elect at any time to perform any of the Support Services on our own behalf, or for one or all Franchisees. If we elect to perform any Support Services ourselves, we will notify you of such election and you will cease providing such Support Services except in accordance with any revised area representative agreement (subject to our obligation to pay Royalty Commissions as described in Section 5 of this Agreement).

G. ADDITIONAL SUPPORT SERVICES.

If we determine at any time that any VOLOFIT Business for which you are required to provide Support Services (a "**Supported VOLOFIT Business**") is not in full compliance with its Franchise Agreement, including all System standards, we may require you to provide additional Support Services, additional inspections, or otherwise take actions that we deem necessary, in our sole discretion, to assist us, our affiliate, or the applicable Franchisee to bring such VOLOFIT Business back into compliance.

If we notify you of any additional Support Services that we require you to provide, you must promptly provide such Support Services according to our Area Representative Standards (defined in Section 6.B below).

H. APPROVAL OF OPENING OF VOLOFIT BUSINESSES.

By delivery of written notice to you, we shall approve or disapprove the grand opening of all VOLOFIT Businesses in the Territory. We will endeavor to deliver such notification to you within 10 business days after we receive a final grand opening report from you indicating that you believe such VOLOFIT Business is ready to open, and you provide us all photographs, schematics, invoices and other materials we request as evidence that the VOLOFIT Business is ready to open in accordance with our then-current System standards. We may refuse to grant a VOLOFIT Business the right to open, in our sole discretion for any reason, and we will inform you of the deficiencies that need to be corrected for such VOLOFIT Business to be approved to open.

I. INSPECTIONS.

You shall, through field audits, reviews, and inspections, ascertain that each Supported VOLOFIT Business satisfactorily complies with all of the terms and conditions of its Franchise Agreement (if applicable), and all other specifications, standards, and operating procedures established by us. You shall promptly notify Franchisee in writing of any deficiencies, with a copy and evaluation report to us. You understand and acknowledge that we shall have (a) all rights to inspect and ascertain Franchisee compliance as if this Agreement were not in effect, (b) the sole right to send notices of default to Franchisees, (c) the sole right to terminate a Franchise Agreement, and (d) the sole right to take any legal action with respect to any default or any violation of a Franchise Agreement. If you believe that any Franchisee has breached any of the terms of its Franchise Agreement, or is not in compliance with the operations manual and all other specifications, standards, and operating procedures established by us for the System, including our then-current standards and specifications for the operation of VOLOFIT Businesses, you shall document, in writing, all facts related to the alleged non-compliance and notify us immediately of such alleged non-compliance. We have the right to take any action, or no action, as we deem appropriate.

4. YOUR PAYMENTS TO US.

A. INITIAL AREA REPRESENTATIVE FEE.

Upon execution of this Agreement, you will pay us an initial fee in consideration for your Area Representative Rights shown on Exhibit A hereto (the "**Initial Area Representative Fee**"). The Initial Area Representative Fee is due, and fully earned by us, on the Effective Date and is nonrefundable under any circumstances. You must pay us the Initial Area Representative Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify. You acknowledge that the Initial Area Representative Fee does not include payment of any initial franchise fees for any Franchises you acquire or payment for any other amounts which may be owed by you to us or our affiliates in connection with your Area Representative Business or otherwise.

B. INTEREST AND LATE PAYMENT FEES.

All amounts you owe us for any reason will bear interest accruing as of their original due date until paid at one and a half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is greater. We will charge a late payment fee of $100 per occurrence for checks returned to us due to insufficient funds or in the event there are insufficient funds in the business account you designate to cover our withdrawals. You will sign such authorizations are we require to be able to debit your bank account automatically for all amounts you owe us under this Agreement. You acknowledge that this Section 4.B is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of your Area Representative Business.

C. <u>APPLICATION OF PAYMENTS; OFF-SETS.</u>

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We and our affiliates may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. However, you may not deduct from or offset against any amounts you owe under this Agreement any amounts that you claim we or our affiliates owe you.

D. <u>TECHNOLOGY FEE.</u>

You must use computer software we designate in the operation of your Area Representative Business. We may require that you pay us a monthly technology fee equal to the pro-rata portion of the actual costs we incur attributable to your use of the technology services and software to which we provide you access in connection with the operation of your Area Representative Business under this Agreement (the "**Technology Fee**"). If assessed, the Technology Fee will be payable on the first day of each calendar month. We may periodically change the amounts of the monthly Technology Fee, and/or the software requirements, and we may require you to purchase new or additional software. You may be required to execute a software license or other agreement(s) in connection with your use of the required computer software. Other than providing the software specifications, we are not obligated to provide you with any assistance in obtaining the required software or any support in connection with your use of the required software.

5. <u>OUR PAYMENTS TO YOU</u>.

A. <u>SALES COMMISSIONS.</u>

During the Term, we will pay you a commission ("**Sales Commission**") for each Franchise within the Territory for which you have provided the Sales Services if the Franchisee executes a Franchise Agreement with us for a new (and not the transfer of an existing) VOLOFIT Business, and pays an initial franchise fee. We will not be deemed to have received any fees paid into escrow or deferred, if applicable, until such fees actually have been remitted to us. Sales Commissions will not be paid on development fees paid under an area representative agreement unless and until a Franchise Agreement is executed; however, calculation of Sales Commissions as described in this Section will include the pro-rata portion of a development fee, if applicable.

If the Franchisee submitted an application through your lead generation efforts, the amount of the Sales Commission will be 50% of the initial franchisee fee we actually receive from the Franchisee. If the Franchisee submitted an application through our lead generation efforts, the amount of the Sales Commission will be 30% of the initial franchise fee we actually receive from the Franchisee. Also, if we pay compensation to any third-party broker to generate qualified prospects that either we compensate on a per-lead basis or per-lead qualified prospect or franchise-sale basis, we will pay such third-party broker's commission from the initial franchise fee we actually receive from the Franchisee, then pay you 50% of the remainder of the initial franchise fee we actually receive from the Franchisee. You will be responsible for paying the compensation of any third-party broker you retain to generate qualified prospects in accordance with your agreement with the broker.

Sales Commissions will be payable to you in two installments, as follows: (1) two-thirds (2/3) of the Sales Commission will be paid to you immediately after we receive the initial franchise fee; and (2) one-third (1/3) of the Sales Commission will be paid to you upon the opening of the Franchisee's VOLOFIT Business.

If we pay any partial or total refund of any initial franchise fee, whether voluntarily or involuntarily, *including pursuant to a settlement, court award, or arbitration award*, of any initial franchise fee for which you have received a Sales Commission, we will be entitled to collect from you, and you agree to pay us on demand, a proportional amount of such refund from the applicable Sales Commission that we have paid you. Alternatively, we may, at our option, deduct such amount from future fees that we are obligated to pay you under this Agreement.

B. COMMISSIONS ON ROYALTIES.

During the Term, for each VOLOFIT Business in the Territory for which you actually provide the Support Services, we will pay you a monthly commission (the "**Royalty Commission**"), calculated as follows:

(i) for VOLOFIT Businesses operated by Franchisees (including those owned by you or your affiliates), 50% of the Royalty (as that term is defined in such VOLOFIT Business's Franchise Agreement) that we actually collect during the preceding month; provided, however, that if you are in default or violation of this Agreement, the Royalty Commission owed to you will be reduced to 25% of the Royalty we receive from Franchisees until the month in which you correct all defaults and/or violations; and

(ii) for VOLOFIT Businesses that we or our affiliates own and operate in the Territory, 2% of all Gross Sales (as that term would be defined if such VOLOFIT Businesses has signed a Franchise Agreement at the time the business opened for business) during the preceding month.

We will only pay you the Royalty Commission if you have delivered to us a Report (as defined in Section 10.B) for such Supported VOLOFIT Business for the preceding month.

C. TRANSFER COMMISSION.

If, during the Term, a VOLOFIT Business in your Territory (excluding those owned by us or our affiliate) is sold or transferred by a Franchisee to a third party in accordance with its Franchise Agreement, you have provided the assistance required under Section 3.F(12) above, and the sale results in the payment to us of a transfer fee, then you will be paid a commission ("**Transfer Commission**") equal to 50% of the transfer fee paid and actually received by us. The Transfer Commission is payable on the later of: (a) the 5th day of the month after effective date of the transfer; or (b) the date on which the transferring Franchisee and the transferee have complied with all terms set forth in the applicable consent to transfer document, including payment in full of the transfer fee.

D. RENEWAL COMMISSION.

If, during the Term, a VOLOFIT Business in your Territory (excluding those owned by us or our affiliate) enters into a successor franchise agreement, and the successor franchise agreement results in the payment to us of a renewal fee, then you will be paid a commission ("**Renewal Commission**") equal to 50% of the renewal fee paid and actually received by us. The Renewal Commission is payable on the effective date of the successor franchise agreement or our receipt from the Franchisee of the renewal fee, whichever is later.

E. REDUCTION OR WAIVER OF FEES.

We reserve the right to waive or reduce a Franchisee's royalty fees, initial franchisee fee or transfer fee without prior notice to you, or approval from you. If we waive or reduce any or all Franchisee's fees, at all times during such waiver or reduction, applicable Sales Commission, Royalty Commission and Transfer Commission owed to you will be eliminated or reduced proportionately. We further have no obligation to pursue any action against Franchisees or otherwise seek to collect payments from Franchisees that are past due. We will make all determinations about pursuing amounts due from Franchisees in our sole discretion.

F. PAYMENT AND COLLECTION AGENT.

We may, in our discretion, elect to appoint you to act as our payment and collections agent under any Franchise Agreement for a Supported VOLOFIT Business. Should we make such appointment, you will collect all fees and other payments designated by us that are owed to us or our affiliates under such agreements. You will then remit to us (or our affiliates, as applicable) such payments in accordance with our instructions. All monies you receive in your capacity as our payment and collection agent shall be our property, shall be held by you separately from your own funds, and shall be held in trust by you for our (or our affiliates', as applicable) benefit. We may revoke our appointment under this Section at any time, without cause, on providing written notice to you. You agree that you may not under any circumstances sell any products or other items to, or collect any money for any reason from, Franchisees without our prior written consent. You further agree that you will not receive or accept any rebates, commissions, or similar incentive payments from any third parties, including to suppliers and vendors of Franchisee purchases and services.

6. TRAINING AND ASSISTANCE.

A. YOUR TRAINING.

At least 60 days before you commence operation of your Area Representative Business, we will provide training relating to the operation of your Area Representative Business ("**Initial Training**"). We will determine the format, substance, duration, location, and scheduling of our initial training program. We will charge a non-refundable initial training fee of $2,000 for up to two (2) people to attend our initial training program.

If we determine that you (or your Operating Partner) fail to satisfactorily complete the Initial Training, then we reserve the right, in our sole discretion, to require such individual to attend additional training, and we will charge you our then-current training fee for such additional training. If you (or your Operating Partner) are unable to satisfactorily complete the Initial Training or additional required training, as applicable, we reserve the right, in our sole discretion, to terminate this Agreement. You may not begin offering Sales Services or Support Services until you (or your Operating Partner) complete the Initial Training to our satisfaction.

You are responsible for providing a training program for all your employees other than the attendees of the Initial Training. All employees must satisfactorily pass the program prior to providing services for your Area Representative Business. If you appoint a new Operating Partner, he or she must attend the then-current Initial Training within 30 days of the appointment date and you shall pay our then-current training fee.

We may require you (or your Operating Partner) to attend various training courses, trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us. Besides attending these training courses, programs and events, we may additionally require you (or your Operating Partner) to attend an annual meeting or conference we designate. These meetings will be held at our discretion and at locations we specify. We will charge you our then-current training fee for all attendees of such additional training, events and meetings.

You are responsible for all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) or any of your employees incur during any and all meetings and/or training courses and programs.

B. <u>AREA REPRESENTATIVE MANUAL.</u>

We may, but will not be required to, create a manual (the "**Area Representative Manual**") reflecting the standards applicable to the operation of an Area Representative Business (the "**Area Representative Standards**"). If we do so, the Area Representative Manual may be comprised of multiple documents and may be delivered in a variety of formats (including newsletters and memoranda) and delivery methods. The Area Representative Manual may contain mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Area Representative Businesses, other specifications, standards and policies that we may suggest from time to time, and information on your other obligations under this Agreement. If we create one, we may modify the Area Representative Manual in our discretion. Our copy of the Area Representative Manual will be the binding and controlling version. You agree to comply with all mandatory policies and standards specified in the Area Representative Manual if we create one. At our option, we may post some or all of an Area Representative Manual on a restricted website or extranet to which you will have access and which you will monitor and access for any updates. Any passwords or other digital identifications necessary to access the Area Representative Manual on a website or extranet will be deemed to be part of our Confidential Information (as defined in Section 12).

C. <u>OPERATING ASSISTANCE.</u>

We may provide you general advice and supplemental resources from time to time in support of your Area Representative Business' operation, including:

(1) telephone consultation regarding Franchise sales, Franchisee support, and Business operations;

(2) information regarding possible vendor relationships and sources of products and services for VOLOFIT Businesses;

(3) marketing, advertising and promotional materials, the cost of which may be passed on to you;

(4) our current franchise disclosure document for use in connection with the offer and sale of Franchises; and

(5) other assistance as we may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedures developed by us, uses of the Area Representative Manual, and other topics.

7. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

The Area Representative Rights include the license to use the Marks solely in the conduct of your Area Representative Business in strict accordance with this Agreement. You recognize and acknowledge our exclusive rights to the Marks (and the goodwill attached thereto), and your use of the Marks and any goodwill established by that use are exclusively for our and our affiliates' benefit. This Agreement does not assign, convey or transfer any right, goodwill or other interests in the Marks to you or any other person other than the right to use them as described in this Agreement. You agree not to, at any time during or after this Agreement's term, contest or assist any other person to contest: (a) the validity of, or our and our affiliates' rights to, the Marks or any other intellectual property owned by us or our affiliates, (b) the rights of us in and to any of the Marks owned by us or other intellectual property owned by us or our affiliates, (c) our right to grant rights and licenses relating to the Marks, or (d) the validity, legality or enforceability of this Agreement. You agree to use (and not to use) the Marks solely in accordance with our trademark usage requirements from time to time.

You also acknowledge (i) the great value of the goodwill associated with the Marks, (ii) that the Marks are famous and distinctive, and (iii) that such Marks have acquired secondary meaning in the minds of the public. You agree that all uses by you of the Marks shall, as between us and you, inure to our benefit, and any right that may accrue to you related thereto and any goodwill associated therewith are hereby granted and assigned to us. If, through performance of this Agreement, you acquire any interest in any Mark or any adaptations or derivative works created from any Mark or produced pursuant to this Agreement, you hereby grant and assign to us (or any designee as we shall designate) any and all of the rights you have in and to the foregoing, including copyright and trademark rights, and any goodwill associated therewith. You shall cooperate with us both during and after the Term to grant and assign any such interest to us (or such designee), including the prompt execution of all necessary instruments to vest full title of, and all rights in and to, such interest in us (or such designee). Except as expressly permitted by this Agreement, you shall not, without our prior written consent, use, during or after the Term, any of the Marks or any names, trademarks, logos, symbols, emblems, designs, colors, identifications, designations, or other material that are confusingly similar thereto and/or that relate or refer thereto to any event or activity involving us. No copyright or trademark involving or making use of one or more of the Marks may be procured or claimed by you, and any such copyright or trademark shall be owned by us or another entity designated by us. You may not sublicense any of the Marks to any person without the prior written consent of us. You shall cause to appear on all materials used in promotions or otherwise used or created in the exercise of the benefits hereunder appropriate copyright and/or trademark notices as we designated.

B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other legal or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. At your sole cost, you agree to sign any documents and take any other reasonable action that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Marks. At our option, we and our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

C. MODIFICATION OR DISCONTINUANCE OF MARKS.

If it becomes advisable, in our opinion, at any time to require you to modify or discontinue using any Mark or to use one or more additional or substitute trademarks or service marks, you agree, at your expense, to comply with our directions within a reasonable time after receiving notice.

D. OWNERS BOUND.

Unless otherwise specified, each and every one of your obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities, set forth in this Section 7, shall also apply to each of your owners.

8. OPERATING YOUR AREA REPRESENTATIVE BUSINESS.

A. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must, at all times, operate your Area Representative Business in full compliance with all applicable laws, statutes, rules, permits, codes, court orders, ordinances and regulations, including PCI compliance standards (collectively, "law" or "laws"). You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Area Representative Business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). You also agree to comply with any contractually imposed requirements of any contract you enter into in connection with your Area Representative Business. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 18.D (Indemnification) pertain to your obligations hereunder.

You shall at all times give prompt, courteous, and efficient service in performing your obligations under this Agreement. You shall in all dealings with Franchisees, prospective Franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks, or other VOLOFIT Businesses. You must notify us in writing within two (2) days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of your Area Representative Business and of any notice of violation of any law, ordinance, or regulation relating to your Area Representative Business.

B. MANAGEMENT OF YOUR AREA REPRESENTATIVE BUSINESS.

You are solely responsible for the management, direction and control of your Area Representative Business. You (or your Operating Partner) must supervise the management and operation of your Area Representative Business and continuously exert best efforts to promote and enhance your Area Representative Business in accordance with all standards set forth hereunder or otherwise by us.

C. INSURANCE.

Throughout the Term you must maintain in force at your sole expense all insurance policies and coverages necessary to comply with applicable law, that you determine to be necessary to protect your interests. In addition to all other coverages you must secure and maintain under this Section, you must maintain a general liability policy covering your activities under this Agreement and having policy limits of at least $1,000,000 per occurrence, and as necessary to comply with the requirements in an Area Representative Manual, if we choose to create one, from time to time. All insurance policies for liability coverage must name us and any affiliates we designate as additional named insureds and all insurance policies must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration. You must furnish us copies of your Certificate of Insurance or other evidence showing proof of your compliance with this requirement. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Area Representative Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance

D. EMPLOYEES, AGENTS & INDEPENDENT CONTRACTORS.

You are solely responsible for all decisions relating to your employees, agents, and independent contractors. Any employee, agent or independent contractor that you retain will be your employee, agent or independent contractor, and not ours. You are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Area Representative Business in compliance with federal, state, and local employment laws.

E. INFORMATION SECURITY.

You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers, credit report information, and any other information collected through the operation of your Area Representative Business that a reasonable person would expect to remain confidential ("**Personal Information**") in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information. Without limiting the foregoing, all Personal Information shall be considered part of the customer data that is part of the Confidential Information (as defined in this Agreement). If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed.

F. COMPLIANCE WITH AREA REPRESENTATIVE STANDARDS.

You acknowledge and agree that operating and maintaining your Area Representative Business according to the Area Representative Standards is essential to preserve the goodwill of the Marks and all VOLOFIT Businesses. Therefore, you agree at all times to operate and maintain your Area Representative Business according to all of our Area Representative Standards, as we periodically modify and supplement them, even if you believe an Area Representative Standard, as originally issued or subsequently modified, is not in the System's or your best interests. Although we retain the right to establish and periodically modify Area Representative Standards that you have agreed to maintain, you (or your Operating Partner) retain the right to and responsibility for the day to day management and operation of your Area Representative Business and implementing and maintaining Area Representative Standards for your Area Representative Business.

Our Area Representative Standards may regulate any aspects of operating and maintaining your Area Representative Business or exercising the Area Representative Rights that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and VOLOFIT Businesses. You agree that the Area Representative Standards we prescribe in the Area Representatives Manual, or otherwise communicate to you in writing or another tangible form (for example, via a System extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all Area Representative Standards as periodically modified.

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right (as we consider best, in our sole discretion) to vary our Area Representative Standards for any Area Representative based on the peculiarities of any condition that we consider important to that Area Representative's successful operation. We may choose not to authorize similar variations or accommodations to you or other Area Representatives. We may also permit variations in our Area Representative Standards (as we consider best, in our sole discretion) that we require Area Representatives to follow and those that we follow for our own practices.

We may periodically modify our Area Representative Standards. These modifications may obligate you to invest additional capital and/or incur higher operating costs. You agree to implement any changes within the time period we request, as if they were part of this Agreement as of the Effective Date.

G. BUSINESS ASSETS.

You will, at your expense, purchase or otherwise obtain for use in connection with your Area Representative Business all operating assets and other items necessary to comply with your obligations under this Agreement, including (a) computer hardware, software, and telecommunications equipment, (b) a minimum of one dedicated telephone line with 24-hour professional answering service or voicemail; and (c) business cards and stationery.

9. MARKETING.

A. MARKETING IN TERRITORY.

You are required, at your expense, to conduct advertising to solicit and generate leads for prospective Franchisees in the Territory. You must advertise in any advertising medium we determine, using forms of advertisement we approve. We may require you from time to time to spend a minimum amount per quarter to advertise and promote your Area Representative Business (this may include the costs of online directory advertising) (the "**Local Marketing Expenditure**"); provided, however we will not require you to spend more than $1,000 on Local Marketing Expenditures per quarter. We reserve the right to approve the type of expenditure that will count towards your Local Marketing Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Marketing Expenditure. We may periodically require you to submit local advertising expenditure reports accurately reflecting all local advertising expenditures for the preceding quarter and year to date.

B. APPROVAL OF ADVERTISING.

Any advertising and promotion you conduct must follow our guidelines. All advertising and promotional materials that you develop for your Area Representative Business must contain notices in the form and substance we designate. You agree that your partnership, advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. All advertising promotion and marketing must conform to our Area Representative Standards. At least 14 days before you intend to use them, you agree to send us, for our approval, samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within 14 days of our receipt of such materials, then they shall be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved in writing or have disapproved. You may not create your own website for your Area Representative Business without our prior written approval, which we may grant, withhold or condition in our sole discretion.

You acknowledge that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to use. In such states, you may not use any advertising materials until we have filed them with the appropriate state agencies, and you must reimburse us for the cost of such filings. Neither you, nor any of your owners or affiliates, may file any franchise sales advertising materials with any state agencies.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

A. ACCOUNTING, BOOKKEEPING AND RECORDS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including charts of account) we prescribe from time to time. Any and all profit and loss statements shall be prepared in accordance with United States generally accepted accounting principles. We may require you to use a particular computer and point-of-sale system to maintain certain sales data and other information. In any event, you agree that we will have unfettered access to your computer and point-of-sales systems at all times so that we may view, track, retrieve, record and store transaction data, information regarding your sales, campaigns and all other aspects of the operation of your Area Representative Business. You will take all steps necessary to provide us that access.

B. REPORTS.

You agree to give us in the manner and format that we prescribe from time to time, a written report of your Area Representative Business activities (collectively, the "**Reports**"), including:

(1) By the 5th day of each calendar month, a report showing, for the prior month, information regarding all active Applicants, all lead generation activities, and all leads generated (including the status of each);

(2) within 30 days after the end of each calendar quarter, confirmation of and detail concerning your Local Marketing Expenditures and such information as we deem necessary to confirm your compliance with the requirements with respect such expenditures; and

(3) within three (3) business days of your receipt, a copy of: (a) any action, suit or proceeding relating to your or your Area Representative Business; (b) any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to you or your Area Representative Business; (c) any notice of violation of any law, ordinance or regulation relating to you or your Area Representative Business; (d) any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to your Area Representative Business; and (e) written complaints from any client or potential client. Without limiting anything else in this Agreement pertaining to the foregoing, you may not respond to any of the foregoing documents in this Section 10.B(5) without our prior written consent. To the extent such complaints involve the Marks or brand (as opposed to the independent operation of your Area Representative Business), we may determine, in our sole discretion, to unilaterally address these documents, and, in such case, we will notify you and keep you abreast of all material developments in connection therewith.

We may disclose data derived from these reports. You agree to preserve and maintain all records pertaining to the operation of your Area Representative Business in a secure location at your Area Representative Business or other offsite storage for the entirety of the Term and at least five (5) years thereafter.

11. INSPECTIONS AND AUDITS.

To determine whether you and your Area Representative Business are complying with this Agreement and all Area Representative Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect your Area Representative Business and any Supported VOLOFIT Business; (2) interview your Area Representative Business' personnel, customers and Franchisees for whom you have provided Support Services and Sales Services; and (3) inspect and copy any books, records, and documents relating to your Area Representative Business' operation or the operations of any Supported VOLOFIT Business. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with your Area Representative Business' operation.

12. CONFIDENTIAL INFORMATION.

We and our affiliates possess (and may continue to develop and acquire) and may from time to time disclose to you certain information, some of which constitutes trade secrets under applicable law regarding our business, products, technology, intellectual property and other information that has substantial value to us where we would be impaired if such information would be disclosed to a third party, and relating to developing and operating VOLOFIT Businesses, whether or not marked confidential, including: (1) site selection criteria; (2) training and operations materials and manuals, including the Area Representative Manual if we create one; (3) the Area Representative Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating VOLOFIT Businesses; (4) market research, promotional, marketing and advertising programs for VOLOFIT Businesses; (5) knowledge of specifications for, and suppliers of, Operating Assets and other products and supplies; (6) any computer software or similar technology which is proprietary to us, our affiliates, or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of Area Representative Businesses and VOLOFIT Businesses; and (8) customer data (collectively, "**Confidential Information**").

All Confidential Information we or our representatives furnish to you, whether orally or by means of written material (1) shall be deemed our proprietary property, (2) shall be held by you in strict confidence, (3) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in writing in advance, and (4) shall not be used in connection with any other business or capacity. You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating your Area Representative Business under this Agreement. You agree to protect the Confidential Information from unauthorized use, access or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. We reserve the right to require that any employee, agent or independent contractor that you hire execute a non-disclosure and, subject to applicable law, a non-competition agreement to protect the Confidential Information. We reserve the right to regulate the form of agreement that you use and to be a third party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of agreement that we require you to use, provide to you, or regulate the terms of may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement that your employees, agents and independent contractors sign. In the event that you receive a request to disclose all or any part of the Confidential Information under the terms of a subpoena, document request, notice of deposition or other legal proceeding, you agree to notify us within 48 hours after receipt of such legal document, and you agree to cooperate with us in any attempt to obtain a protective order.

As between us and you, we are the sole owner of all right, title, goodwill and interest in and to the System and any Confidential Information. All improvements, developments, adaptations, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us (or any designee that we designate). To that end, both during and after the Term, you shall fully cooperate and you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof, including the prompt execution of all necessary instruments to vest full title and all rights to such interest in us (or any such designee). Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 12, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 12 with the same legal force and effect as if executed by you. The obligations of this Section 12 shall survive any expiration or termination of the Agreement.

13. EXCLUSIVE RELATIONSHIP.

A. COVENANTS AGAINST COMPETITION.

You acknowledge that we have granted you the Area Representative Rights in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that, during this Agreement's Term, neither you, any of your owners, nor any of your or your owners' immediate family members will:

(1) have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) perform services as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of your Area Representative Business, or any other Area Representative's or Franchisee's business, to a Competitive Business;

(4) directly or indirectly, appropriate, use or duplicate the Area Representative System or Area Representative Standards, or any portion thereof, for use in any other business or endeavor; or

(5) engage in any other activity which might injure the goodwill of the Marks and System.

The term "**Competitive Business**" means (i) any business (other than a VOLOFIT Business) that offers products or services related to fitness or exercise, including any other boot camp concept, gym, or studio, (ii) any business that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by businesses owned, operated, franchised or licensed by us or our affiliates, or (iii) any business that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.

You agree to obtain similar covenants from the personnel we specify in writing or otherwise, including officers, directors, managers, and other employees attending our training programs or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

B. NO DISPARAGEMENT OR INTERFERENCE.

You further agree that, during the Term, neither you, any of your owners, nor any of your or your owners' immediate family members will:

(1) interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or

(2) engage in any other activity which might injure the goodwill of the Marks or the System.

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, the VOLOFIT brand, the System, any VOLOFIT Business, any Area Representative, or any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the VOLOFIT brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the VOLOFIT brand or such other brands.

14. TRANSFER.

A. **BY US.**

We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction. We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees.

B. **BY YOU.**

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and, if you are an Entity, to your owners and that we have granted you the Area Representative Rights in reliance upon our perception of your and their individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement, any interest in this Agreement, nor any ownership in you if you are an Entity may be sold, assigned or otherwise transferred without our prior written approval. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. Additionally, you may not pledge this Agreement (to someone other than us) or an ownership interest in you or your owners as security for any loan or other financing, unless we grant our prior written consent. Your obligations under this Agreement may not be delegated.

C. **CONDITIONS FOR APPROVAL OF TRANSFER.**

We may impose, in connection with our approval of a transfer proposed by you or your owners, any conditions we determine to be in the best interests of the VOLOFIT brand, including that: (1) you be in full compliance with this Agreement, (2) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) be of good character and meet our then applicable standards for area representatives, (3) you and the proposed transferee execute a general release, in a form satisfactory to us, of any and all claims against us and our related parties, (4) the transferee (or its Operating Partner) satisfactorily complete our initial training program; (5) the transferee, at our request, signs our then current form of area representative agreement and related documents (including personal guarantees), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement; (6) you pay us a transfer fee of $10,000; (7) you remain secondarily liable for all obligations of the transferee under this Agreement; and (8) you and your transferring owners (and your and their immediate family members) agree to comply with the post-term restrictions on competition, solicitations and interference as described in Section 17 below as though the Agreement had expired or been terminated as of the date of transfer.

We reserve the right to approve the purchase price, the amount of debt and payment terms, and the other requirements associated with the transfer. If you or your owners finance any part of the purchase price, you and your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Area Representative Business are subordinate to the transferee's obligation to pay fees and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement.

We may review all information regarding your Area Representative Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Area Representative Business.

D. EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Agreement and your Area Representative Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Area Representative Business' or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

E. OUR RIGHT OF FIRST REFUSAL.

If you (or any of your owners) propose to make any transfer that otherwise would be allowed under Sections 14.B and 14.C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and your Area Representative Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

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

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

(c) we will have an additional 60 days to prepare for closing after notifying you of our election to purchase; and

(d) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of and title to ownership interests or assets, liens and encumbrances relating to ownership interests or assets, and validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If we exercise our right of first refusal, you and we will terminate this Agreement as a condition of the closing. We have the unrestricted right to assign this right of first refusal to a third party who then will have the rights described in this Section 14.E. If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 14.B and 14.C above. If you do not complete the sale to the proposed buyer within 60 days after either we notify you that we do not intend to exercise our right of first refusal or the time our exercise expires, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

15. EXPIRATION OF THIS AGREEMENT.

A. YOUR RIGHT TO ACQUIRE A SUCCESSOR TERM.

Subject to the requirements of Sections 15.B and 15.C below, if you have substantially complied with this Agreement during the Term, you and we mutually agree upon a new development schedule, you pay us our then-current initial fee for such development schedule, and you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our related parties, then you may acquire a successor term to operate your Area Representative Business for two (2) additional terms of five (5) years.

B. GRANT OF A SUCCESSOR TERM.

To acquire a successor term, you must give us written notice of your election (the "**Election Notice**") no more than 270 days and no less than 180 days before this Agreement expires. Not more than 90 days after we receive your Election Notice, we will give you written notice ("**Our Notice**") of our decision to grant you a successor term, to grant you a successor term on the condition that you correct existing deficiencies in the operation of your Area Representative Business, not to grant you a successor term based on our determination that you are not entitled to one, or not to grant you a successor term because we are no longer granting area development rights for VOLOFIT Businesses in the Territory (such decision is final and may not be challenged by you). If applicable, Our Notice will describe the expansion, improvements, or modifications required to bring your Area Representative Business into compliance with then applicable Area Representative Standards for new Area Representative Businesses and state the actions you must take to correct any operating deficiencies and the time period in which you must correct these deficiencies. If we elect not to grant you a successor term, Our Notice will describe the reasons for our decision. If we elect to grant you a successor term, your right to acquire a successor term is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

C. AGREEMENTS/RELEASES.

If you are entitled to a successor term, you and your owners must (prior to the expiration of the then-current Term) execute the form of area representative agreement and any ancillary agreements we then customarily use in granting area representative rights, modified as necessary to reflect the fact that it is for a successor term (the "**Successor Agreement**"). The Successor Agreement may contain provisions that differ materially from those contained in this Agreement (as determined in our sole discretion). On execution of the Successor Agreement, you must pay a renewal fee in an amount equal to two thousand dollars ($2,000) times the number of franchised VOLOFIT Businesses then open and operating in the Territory at the time of renewal. You and your owners must also sign general releases, as of the expiration of the current Agreement, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, agents, successors, and assigns.

16. TERMINATION OF AGREEMENT.

A. TERMINATION BY YOU.

If you and your owners are fully complying with this Agreement and we materially fail to comply with this Agreement and do not correct the failure within 60 days after you deliver written notice of the material failure to us, or if we cannot correct the failure within 60 days and cannot give you, within 60 days after receiving your notice, reasonable evidence of our effort to correct the failure, you may terminate this Agreement effective an additional 60 days after you deliver to us written notice of termination. Your termination of this Agreement other than according to this Section 16.A will be deemed a termination without cause and a breach of this Agreement.

B. TERMINATION BY US.

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Area Representative Rights or operating your Area Representative Business;

(2) you or your Operating Partner do not satisfactorily complete the Initial Training in accordance with Section 6.A;

(3) you abandon or cease to operate the Area Representative Business for a period of 14 consecutive days or any shorter period that indicates an intent by you to discontinue operation of the business;

(4) you fail to meet your Development Schedule in any Development Period;

(5) you submit any reports to us that contain false or misleading statements;

(6) within any 12 consecutive calendar months, we terminate the Franchise Agreement(s) of 20% of all opened VOLOFIT Businesses in the Territory based on the Franchisees' failure to meet our System standards, if we determine in our reasonable discretion that such failure was due in part or in full due to your failure to provide the Support Services;

(7) you (or your owners) make or attempt to make any transfer in violation of Section 14;

(8) you (or any of your owners) are or have been convicted by a trial court of, or pleaded guilty or no contest to, a felony or engage in any dishonest or unethical conduct **which,** in our reasonable opinion, adversely affects your Area Representative Business' operations or the goodwill associated with the Marks;

(9) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of our Confidential Information;

(10) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within 10 days after we or any applicable government agency deliver notice to you of that violation or failure;

(11) you (or any of your owners or affiliates) fail to pay any other third-party any other amounts owed in connection with your Area Representative Business when due, and do not cure such failure within any applicable cure period granted by such third-party;

(12) you (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(13) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Area Representative Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; any order appointing a receiver, trustee, or liquidator of you or your Area Representative Business is not vacated within 30 days following the order's entry; or you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you;

(14) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(15) we terminate any franchise agreement between you or your affiliates and us (or any of our affiliates) based on your or its default, or you or your affiliate terminates any such agreement without cause; or

(16) you (or any of your owners) fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after we deliver written notice of the failure to you.

17. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

A. **YOUR OBLIGATIONS.**

You agree that, on expiration or termination of this Agreement:

(1) you will pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, all fees and other amounts that are then owed to us (and our affiliates) and are then unpaid;

(2) you and your owners will immediately cease using, in any manner (including on signage), any Marks or any trademarks or service marks that are confusingly similar to a Mark;

(3) you and your owners will immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Area Representative Manual, if we have created one, and any other confidential materials that we have loaned or given you;

(4) you and your owners will immediately cease communicating with, and deliver to us all documents regarding, past and present franchise sales leads and other records and other information related to Supported VOLOFIT Businesses, Applicants, and any other person who has contacted you or with whom you have had conversations regarding the possible purchase of a Franchise;

(5) you and your owners will comply with all of your and their obligations which expressly or by their nature survive this Agreement's expiration or termination until they are satisfied in full or by their nature expire;

(6) you and your owners will not interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants, or engage in any other activity which might injure the goodwill of the Marks or the System; and

(7) for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 17.A(6) begin to comply with their obligations hereunder, whichever is later, neither you nor any of your owners (or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business located or operating within the Territory, or within a 5-mile radius of any Supported VOLOFIT Business.

B. <u>YOUR RIGHT TO FURTHER COMMISSIONS.</u>

On expiration or termination of this Agreement, for any reason, we will no longer be obligated to pay, and you will no longer be entitled to receive, any commissions or other amounts that have not accrued as of the date of expiration or termination; provided, however, that, on expiration of this Agreement, you will continue to receive Royalty Commissions with respect to those Franchise Agreements which are then fully executed but for which the VOLOFIT Business has not yet operated for at least three (3) years as of the date of expiration. Your Royalty Commissions with respect to each such VOLOFIT Business will cease, without further notice, once the VOLOFIT Business reaches the 3rd anniversary of its initial opening date.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

You and we are independent contractors. This Agreement does not create a fiduciary relationship between you and us, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including customers, suppliers, public officials, and employees) as your Area Representative Business' owner, and indicate clearly that you operate your Area Representative Business separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and area representative.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and area representative. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Area Representative Business or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any vendors.

C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or your Area Representative Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay on your behalf to any state taxing authority on account of either your operation or payments that you make to us.

D. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, managers, members, partners, licensees, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") from and against, and to reimburse any one or more of the Indemnified Parties for, all claims, actions, causes of action, suits, debts, obligations, losses, damages, amounts paid in settlement, liabilities, costs and expenses whatsoever, including attorneys' fees, whether arising out of a claim involving a third party or between one or more of you and us, resulting to, imposed upon, asserted against or incurred by any of the Indemnified Parties directly or indirectly arising out of or relating to (a) the operation of your Area Representative Business, (b) the business you conduct and the performance of your obligations under this Agreement, (c) your violation of applicable laws, or (d) your breach of or misrepresentation under this Agreement, including those alleged to be caused by the Indemnified Party's negligence (excluding any such claims that arise solely out of the compliance with our disclosure document of applicable laws and regulations). For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may, in its discretion and at your expense, control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlements of claims against it, and take any other remedial, corrective, or other actions in response to such claims. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph. Notwithstanding the foregoing, to the extent any element of a third party claim against you relates to or involves any of the Marks, we or our designee(s) shall have the right to control the defense of all aspects of such claim.

19. ENFORCEMENT.

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as otherwise expressly provided, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid, unenforceable or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any Area Representative Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Area Representative Businesses; the existence of area representative agreements for other Area Representatives which contain provisions different from those contained in this Agreement; a prior waiver of the same; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

C. <u>COSTS AND ATTORNEYS' FEES.</u>

If either party initiates an arbitration, judicial or other proceeding, the prevailing party will be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation.

D. <u>RIGHTS OF PARTIES ARE CUMULATIVE.</u>

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

E. <u>ARBITRATION.</u>

We and you that all controversies, disputes, or claims between us or any of the Indemnified Parties, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); our relationship with you; the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 19.E, which we and you acknowledge is to be determined by an arbitrator, not a court); or any Area Representative Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator in our then-current principal place of business. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and/or an Indemnified Party, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Notwithstanding our and your agreement to arbitrate, in addition to such other contractual, legal and equitable rights and remedies that may be available, we have the right in a proper case (for example, without limitation, your threatened or actual unauthorized use of our Marks or any benefit granted by us to you hereunder) to seek temporary restraining orders, temporary or preliminary injunctive relief, and/or a decree for specific performance, in each case without being required to prove actual damages or furnish a bond or other security, from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

(1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

(2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

(4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

(5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration, each side may take no more than three depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen hours, and each deposition shall be limited to five hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

Except where a party believes that immediate injunctive relief is necessary and appropriate, prior to filing any arbitration proceeding pursuant to this Section, the party intending to file such a proceeding shall notify the other party in writing of the existence and the nature of the dispute. The parties agree that within ten (10) business days of the other party's receipt of such notice, authorized representatives of each party shall meet in order to attempt to amicably resolve the dispute. If such informal dispute resolution attempts prove to be unsuccessful, either party may initiate the dispute resolution procedures available to it under this Agreement. Each party shall bear its own costs associated with or incurred as a result of such meeting.

F. <u>GOVERNING LAW.</u>

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 <u>et</u> <u>seq</u>.), or other United States federal law, this Agreement, the Area Representative Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that (1) any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its area representative will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Area Representative Business is located.

G. CONSENT TO JURISDICTION.

Subject to the obligation to arbitrate under Section 19.E and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to our then current principal place of business, and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for (a) your obligation to indemnify us under Section 18.D, (b) our claims arising out of or relating to your unauthorized use of a Mark or other intellectual property, (c) our claims arising out of your breach of your confidentiality obligations hereunder, or (d) our claims arising out of or relating to your gross negligence or willful misconduct, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any special, indirect, consequential, incidental, punitive, exemplary or multiple damages against the other in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions or relationships contemplated by this Agreement or any other transaction, relationship, act, omission, or event arising or occurring in connection therewith, and each party waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor, and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action or proceeding.

I. BINDING EFFECT.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Area Representative Standards and Area Representative Manual, if we create one, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

J. LIMITATIONS OF CLAIMS.

You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Any claim by you must be commenced in accordance with this Agreement within one (1) year from the date on which you knew or should have known of the facts giving rise to the claim, or such claim shall be barred. You understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our affiliates' owners, managers, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners. The parties agree that claims of any other party or parties shall not be joined with any claims asserted in any action or proceeding between us and you.

20. CONSTRUCTION.

The preambles and exhibits are a part of this Agreement, which together with this Agreement constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the area representative relationship, or your Area Representative Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnish to you. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 18.D, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision.

As used in this Agreement, the term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies. Unless indicated otherwise, "**including**" means "including, without limitation."

If two or more persons are at any time the owners of your Area Representative Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Area Representative Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, or your Area Representative Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in your revenue, profits, rights, or assets. References to an "**ownership interest**" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing 100% of the ownership interests by the number of owners. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our or the System's best interests at the time our decision is made.

21. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Area Representative Manual, if we have created one, must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice (or if to you, notice may be delivered to your Area Representative Business) and will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (a) at the time delivered by hand; (b) at the time delivered via computer transmission and, in the case of fees and other amounts due, at the time we actually receive payment; (c) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (d) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

22. BUSINESS JUDGMENT.

We retain the right to operate, develop and change the System and the products and services offered by VOLOFIT Businesses and Area Representatives in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of VOLOFIT Businesses and Area Representatives as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

23. COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

24. MISCELLANEOUS.

A. **Reservation of Rights**. Except for those rights expressly granted to you under this Agreement, all other rights, benefits and privileges relating to us and the Area Representative Business are expressly reserved by us. In addition, no license or right is granted for the use of any Marks or other proprietary rights or intellectual property of, owned or licensed by us or our affiliates, except as expressly set forth in this Agreement.

B. **Authority**. Each party represents, warrants and covenants that (i) it has the full power and legal authority to enter into and perform this Agreement in accordance with its terms; (ii) all necessary approvals for the execution, delivery, and performance by it of this Agreement have been obtained; and (iii) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms. Each party shall comply in all material respects with all laws applicable to the exercise of its rights and performance of its obligations under this Agreement.

C. **Counsel Review**. The parties agree that this Agreement shall be interpreted neutrally and without regard to the party that drafted it and, in particular, no rule of construction shall be applied as against any party that would result in the resolution of an ambiguity contained herein against the drafting party.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

US:

VOLOFIT FRANCHISING, LLC,
a North Carolina limited liability company

By:_______________________________
Name:_____________________________
Title:______________________________

Date*:_____________________________
(*This is the Effective Date)

YOU:

[AREA REPRESENTATIVE NAME],
a [___]

By:_______________________________
Name:_____________________________
Title:______________________________

Date:______________________________

EXHIBIT A

TO THE AREA REPRESENTATIVE AGREEMENT

Effective Date: This Exhibit A is current and complete as of _______________

1. **Form of Ownership**.

(a) **Individual Proprietorship**. The owner(s) (is)/(are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on _______________ (*date*), under the laws of the State of __________________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and ____________________________ (*Insert any assumed name or dba that you have used*).

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

	Owner's Name	Percentage/Description of Interest
(a)	_________________________________	_______________________________________
(b)	_________________________________	_______________________________________
(c)	_________________________________	_______________________________________
(d)	_________________________________	_______________________________________

3. **Name and Address of Operating Partner**.

(a) **Name:** ____

(b) **Postal Address:** ____

(c) **E-mail Address:** ____

(d) **Telephone Number:** ____

(e) **Fax Number:** ____

4. **<u>Initial Area Representative Fee (Section 4.A)</u>:**

$150,000 unless otherwise indicated in the following space: $____________

5. **<u>Territory</u>**: The Territory is comprised of the area shown on the map that follows or (if not map), described as follows: ____
____

[insert map if applicable]

6. **<u>Development Schedule</u>**:

Development Period	**Number of Franchise Agreements Signed During Development Period**	**Number of VOLOFIT Businesses Opened During Development Period**	**Cumulative Number of VOLOFIT Businesses Opened as of the End of the Development Period**

US:

VOLOFIT FRANCHISING, LLC,
a North Carolina limited liability company

By:_________________________________
Name:_______________________________
Title:_______________________________

Date*:______________________________
(*This is the Effective Date)

YOU:

[AREA REPRESENTATIVE NAME],
a [___]

By:_________________________________
Name:_______________________________
Title:_______________________________

Date:_______________________________

EXHIBIT B

TO THE AREA REPRESENTATIVE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("GUARANTY") is given by the persons indicated below who have executed this Guaranty (each a "Guarantor") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Area Representative Agreement (as amended, modified, restated or supplemented from time to time, the "Agreement") by VOLOFIT Franchising, LLC (the "Franchisor"), and __________________ (the "Area Representative"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, that Area Representative shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, as specified therein, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he or she may have to require that an action be brought against Area Representative or any other person as a condition of liability. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Representative or any other person; (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement; (5) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement; and (6) at our request, Guarantor will provide updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the franchise owners under the Agreement.

Each of the undersigned Guarantor represents and warrants that, if no signature appears below for Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Area Representative and the other owners of Area Representative;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of the Agreement by a trustee of Area Representative. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Area Representative jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Area Representative. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section 19.E of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 19.E of the Agreement in accordance with its terms.

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

Capitalized terms that are used but not defined in this Guaranty will have the meanings ascribed to them in the Agreement.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his signature to this Guaranty and Assumption of Obligations to be effective as of the Effective Date.

GUARANTORS	NON-OWNER SPOUSE
Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________	Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________
Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________	Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________
Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________	Name: ______________________________ Sign: ______________________________ Address: ____________________________ __________________________________

EXHIBIT C

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
VOLOFIT FRANCHISING, LLC**

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

CALIFORNIA

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

2. SECTION 31125 OF THE 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.

3. OUR WEBSITE, www.volo-fit.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

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

5. The following is added at the end of Item 6:

The maximum interest rate in California is 10% annually.

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

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

The Area Representative Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

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

The Area Representative Agreement requires application of the laws of the State of our then-current headquarters (currently, North Carolina). This provision might not be enforceable under California law.

The Area Representative Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within our then-current principal place of business (currently Charlotte, North Carolina). In any arbitration, the prevailing party will be entitled to recover from the other party all damages, costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration. 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 the Franchise Agreement or Area Representative Agreement restricting venue to a forum outside the State of California.

The Area Representative Agreement requires you to sign a general release of claims upon renewal or transfer. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

1. The following language is added to the end of Item 17:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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

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

Your rights upon termination and non-renewal of an area representative agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

1. The following is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

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

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

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

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

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

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

This Area Representative Agreement provide that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

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

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

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

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

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

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

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE OR AREA REPRESENTATIVE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to us, our parent, affiliates, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

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

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

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

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

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

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

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

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

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

RHODE ISLAND

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

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

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled "Termination by franchisor without cause":

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

WASHINGTON

RISK FACTORS:

Financial Condition. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

The Franchisor will not offer area representative opportunities in Washington unless the unit offering is registered or exempt from registration in Washington.

The following sentence is stricken from Item 16 of the disclosure document and Section 3(C) of the Area Representative Agreement: "We and our affiliates and designees are not liable to you for any errors, omissions, or delays which occur in preparation of such materials."

The State of Washington requires registration of franchise brokers.

The Franchisor will not offer area representative opportunities in Washington unless the unit offering is registered or exempt from registration in Washington.

The following sentence is stricken from Item 16 of the disclosure document and Section 3(C) of the Area Representative Agreement: "We and our affiliates and designees are not liable to you for any errors, omissions, or delays which occur in preparation of such materials."

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

RCW 19.100.180 may supersede the area representative agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the area representative agreement in your relationship with the franchisor including the areas of termination and renewal of your area representative rights.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the area representative agreement, an area representative 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 an area representative may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee or area representative, 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 or area representative 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 area representative 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 an area representative 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 area representative agreement or elsewhere are void and unenforceable in Washington.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE AREA REPRESENTATIVE AGREEMENT

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company with its principal business address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("we") and ______________________________ ______________________________ a(n) ____________________________________, having its principal business address at ____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Area Representative Agreement dated __________________________, 20___, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Representative Agreement occurred in Illinois and the activities you conduct under the Area Representative Agreement will be conducted in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added to the end of the Area Representative Agreement:

Illinois law governs the Area Representative Agreement.

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

Your rights upon termination and non-renewal of an area representative agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC

By:_________________________________
Name: ______________________________
Title:________________________________
*Date: ______________________________
*(This is the Effective Date)

AREA REPRESENTATIVE:

____
[Name]

By:_________________________________
Name: ______________________________
Title: _______________________________
Date:________________________________

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company with its principal business address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("we") and ______________________________ ______________________________ a(n) ______________________________________, having its principal business address at ____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Area Representative Agreement dated __________________________, 20___ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) your Area Representative Business will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **DEFERRAL**. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. **INSOLVENCY**. The following sentence is added to the end of Section 16.B(12) ("Events of Termination") of the Area Representative Agreement:

> This Section 16.B(12) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **ARBITRATION**. The following paragraph is added at the end of Section 19.E of the Area Representative Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
>
> You must bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 19.J of the Area Representative Agreement:

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

6. **RELEASES**. The following is added to the end of Sections 14.C ("Transfer") and 15.C ("Agreements/Releases"):

> The general release required as a condition of renewal, sale, and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

7. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC	**AREA REPRESENTATIVE**:
	______________________________
	[Name]
By:______________________________	
Name: ____________________________	By:______________________________
Title:_____________________________	Name: ____________________________
*Date: ___________________________	Title: ____________________________
*(This is the Effective Date)	Date:_____________________________

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company with its principal business address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("we") and __________ ____ a(n) ____________________________ _____________, having its principal business address at ____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Area Representative Agreement dated ___________________________, 20___ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) your Area Representative Business will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **EVENTS OF TERMINATION**. The following is added to the end of Section 16.A of the Area Representative Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 19.G of the Area Representative Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80.C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota franchises law, Section 19.H of the Area Representative Agreement is deleted.

5. **LIMITATIONS OF CLAIMS**. The following is added to Section 19.J of the Area Representative Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

6. **APPLICABLE LAW**. The following statement is added at the end of Section 19.F of the Area Representative Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minn. Stat. Sec. 80C.12, Subd. 1(g).

8. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC

By:________________________________
Name: _____________________________
Title:_______________________________
*Date: _____________________________
*(This is the Effective Date)

AREA REPRESENTATIVE:

____
[Name]

By:________________________________
Name: _____________________________
Title: ______________________________
Date:_______________________________

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company with its principal business address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("we") and ____ a(n) ____, having its principal business address at ____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Area Representative Agreement dated ________________________________, that has been signed concurrently with this Rider. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if you are domiciled in the State of New York, the Area Representative Business will be operated in the State of New York.

2. **EVENTS OF TERMINATION**. The following language is added to the end of Section 16.A of the Area Representative Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **CONSENT TO JURISDICTION; APPLICABLE LAW**. The following is added to the end of Sections 19.F and 19.G of the Area Representative Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC	**AREA REPRESENTATIVE**:
	________________________________
	[Name]
By:______________________________	
Name: ___________________________	By:______________________________
Title:____________________________	Name: ___________________________
*Date: ___________________________	Title: ____________________________
*(This is the Effective Date)	Date:_____________________________

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **VOLOFIT FRANCHISING, LLC**, a North Carolina limited liability company with its principal business address at 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209 ("we") and _________ ____ a(n) ____________________________ ____________, having its principal business address at ____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Area Representative Agreement dated ___________________________, 20____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) an offer to buy is accepted in the State of Rhode Island, or (c) you are a resident of the State of Rhode Island and your Area Representative Business will be operated in the State of Rhode Island.

2. **CONSENT TO JURISDICTION / APPLICABLE LAW**. The following is added at the end of Sections 19.F and 19.G of the Area Representative Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC	**AREA REPRESENTATIVE**:
	____________________________________
	[Name]
By:________________________________	
Name: ______________________________	By:________________________________
Title:______________________________	Name: ______________________________
*Date: ______________________________	Title: ______________________________
*(This is the Effective Date)	Date:______________________________

RIDER TO THE VOLOFIT FRANCHISING, LLC
AREA REPRESENTATIVE AGREEMENT

<u>FOR USE IN WASHINGTON</u>

The Franchisor will not offer area representative opportunities in Washington unless the unit offering is registered or exempt from registration in Washington.

The following sentence is stricken from Item 16 of the disclosure document and Section 3(C) of the Area Representative Agreement: “We and our affiliates and designees are not liable to you for any errors, omissions, or delays which occur in preparation of such materials.”

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

RCW 19.100.180 may supersede the area representative agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the area representative agreement in your relationship with the franchisor including the areas of termination and renewal of your area representative rights.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the area representative agreement, an area representative 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 an area representative may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee or area representative, 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 or area representative 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 area representative 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 an area representative 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 area representative agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Representative Agreement.

VOLOFIT FRANCHISING, LLC

By:_______________________________
Name: ____________________________
Title:______________________________
*Date: ____________________________
*(This is the Effective Date)

AREA REPRESENTATIVE:

____
[Name]

By:_______________________________
Name: ____________________________
Title: _____________________________
Date:______________________________

EXHIBIT D

FINANCIAL STATEMENTS

VOLOFIT FRANCHISING, LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 2021 and PERIOD FROM OCTOBER 15, 2020 THROUGH DECEMBER 31, 2020

VOLOFIT FRANCHISING, LLC
Table of Contents

Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To Members of
VoloFit Franchising, LLC
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of VoloFit Franchising, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity, and cash flows for the year ended December 31, 2021 and the period from October 15, 2020 (date of inception) through December 31, 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 VoloFit Franchising, LLC as of December 31, 2021 and 2020, and its results of operations and its cash flows for the year ended December 31, 2021 and the period from October 15, 2020 (date of inception) through December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of VoloFit Franchising, 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 VoloFit Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 VoloFit Franchising, 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 VoloFit Franchising, 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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
April 13, 2022

VOLOFIT FRANCHISING, LLC
Balance Sheets
December 31, 2021 and 2020

Assets

	2021	2020
Current Assets:		
Cash	**$ 627,369**	$ 502,384
Accounts receivable, net of allowance	**15,851**	95,500
Inventory	**12,973**	11,360
Note receivable, current portion	**-**	5,397
Total Current Assets	**656,193**	614,641
Noncurrent Assets:		
Due from related party	**28,083**	-
Prepaid broker fees	**10,000**	-
Accounts receivable, less current portion	**154,667**	154,667
Total Noncurrent Assets	**192,750**	154,667
Total Assets	**$ 848,943**	$ 769,308

Liabilities and Member's Equity

	2021	2020
Current Liabilities:		
Accounts payable and accrued expenses	**$ 38,058**	$ -
Due to related parties	**36,714**	-
Total Current Liabilities	**74,772**	-
Noncurrent Liabilities:		
Deferred franchisee revenues	**219,667**	250,167
Total Liabilities	**294,439**	250,167
Member's Equity:		
Member's equity	**554,504**	519,141
Total Member's Equity	**554,504**	519,141
Total Liabilities and Member's Equity	**$ 848,943**	$ 769,308

See Notes to Financial Statement

VOLOFIT FRANCHISING, LLC
Statements of Income
For the Year ended December 31, 2021 and For the Period From October 15, 2020 through December 31, 2020

	2021	2020
Franchise Revenues:		
Initial franchise fees	$ 65,000	$ -
Area representative fees	150,000	-
Royalty and technology fees	97,863	-
Total franchise revenues	312,863	-
Studio package and products sales	174,125	-
Gross revenues	486,988	-
Cost of sales	167,531	654
Net revenues	319,457	(654)
Operating expenses:		
Salaries and wages expense	318,214	-
Technology expense	39,163	-
Taxes and licenses	13,709	1,257
Advertising and marketing	191,739	22,795
Professional fees	59,946	1,800
Hiring costs	51,103	-
Office supplies	45,050	1,274
Bank charges and fees	2,475	-
Travel, meals and entertainment	61,173	-
Bad debt expense	5,397	-
Miscellaneous expense	25,174	3,079
	813,143	30,205
Other Income (Expense):		
Interest income	49	-
Net loss	$ (493,637)	$ (30,859)

See Notes to Financial Statement

VOLOFIT FRANCHISING, LLC
Statements of Changes in Member's Equity
For the Year ended December 31, 2021 and For the Period From October 15, 2020 through December 31, 2020

Member's equity, October 15, 2020	$ -
Contributions	550,000
Net loss	(30,859)
Member's equity, December 31, 2020	519,141
Contributions	**529,000**
Net loss	**(493,637)**
Member's equity, December 31, 2021	**$ 554,504**

See Notes to Financial Statement

VOLOFIT FRANCHISING, LLC
Statements of Cash Flow
For the Year ended December 31, 2021 and For the Period From October 15, 2020 through December 31, 2020

	2021	2020
Cash flows from operating activities:		
Net loss	**$ (493,637)**	$ (30,859)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	**5,397**	-
(Increase) decrease in:		
Accounts receivable	**79,649**	(250,167)
Inventory	**(1,613)**	(11,360)
Notes receivable, current portion	-	(5,397)
Prepaid broker fees	**(10,000)**	-
Increase (decrease) in:		
Accounts payable	**38,058**	-
Deferred franchisee revenues	**(30,500)**	250,167
Net cash used in operating activities	**(412,646)**	(47,616)
Cash flows from investing activities:		
Advances (borrowings) from related parties	**8,631**	-
Net cash provided by investing activities	**8,631**	-
Cash flows from financing activities:		
Member contributions	**529,000**	550,000
Net cash provided by financing activities	**529,000**	550,000
Net increase in cash	**124,985**	502,384
Cash, beginning of year	**502,384**	-
Cash, end of year	**$ 627,369**	$ 502,384

See Notes to Financial Statement

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

VoloFit Franchising, LLC (the "Company"), a wholly owned subsidiary of Novus Fitness Brands, LLC, was organized on October 2, 2020 in the state of North Carolina. The Company provides franchisees located throughout the United States with the right to own and operate a high-end, boutique fitness studio that offers members a transformative functional fitness experience based on the four pillars of strength, endurance, agility and power in a group setting, along with related products and services. The Company is a limited liability company ("LLC") which will continue in existence subject to the terms and conditions of its Operating Agreement. The obligations of the member are limited to its capital contribution.

A summary of the Company's significant accounting policies follows:

Basis of Preparation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company includes all financial instruments which are not subject to withdrawal restrictions or penalties with a maturity of three months or less as cash and cash equivalents.

Concentration of Credit Risk

The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

The Company grants credit with net 30-day payment terms, to its franchisees in the normal course of business. Franchisees are dispersed among the Company's broad customer base throughout the United States.

Accounts Receivable

Accounts receivable are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee accounts receivable balances that the Company specifically knows may be uncollectible. In making such determination, the Company also considers a franchisee's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts receivable was zero as of December 31, 2021 and 2020.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined as historical cost.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

An initial nonrefundable franchise fee is paid to the Company upon sale of a franchise. Revenue from the sale of an individual franchise is recognized in the period the sale is consummated and all performance obligations have been substantially provided by the Company. Management has determined pre-opening services and the license agreement have been combined into a single performance obligation. For performance obligations related to the initial nonrefundable franchise fee, the Company transfers control and recognizes revenue at a point in time upon the execution of the franchise agreement and satisfaction of the applicable performance obligations which include granting exclusive rights to operate a VoloFit franchise.

The Company offers an Area Development Agreement ("ADA") for the development rights of an area and a predetermined number of units that the franchisee would be required to open. The ADA fee varies per unit based on the number of units sold and is a nonrecurring and nonrefundable fee. The Company recognizes revenue from the sale of the ADA upon the execution of a franchise agreement and satisfaction of applicable performance obligations. For performance obligations related to ADA, control transfers over time per the development schedule and the delivery of a fully executed lease, and open and operation of a new location.

The Company offers an Area Representative Agreement ("ARA") for the opportunity to operate franchises or solicit prospective franchisees and support franchisees of the Company within a defined territory. The ARA fee is $10,000 per location in the defined territory, with a minimum fee of $150,000. Each franchise that is opened under the ARA, will open under its own Franchise Agreement, and will be subject to the fees designated by the then current Franchise Agreement. The Company recognizes revenue from the sale of the ARA at a point in time upon the execution of the ARA and satisfaction of the applicable performance obligations which includes granting exclusive rights to sell or operate franchises in the defined territory.

The initial training fee is paid to the Company upon sale of a franchise and in accordance with the terms of the franchise agreement. Revenue from the initial training fee is recognized when all performance obligations, outlined within the franchise agreement, have been incurred and substantially completed by the Company and franchisee. Performance obligations related to initial training fee are satisfied at the time the training is completed by the Company. Training services are sold under the Franchise agreement and control is transferred to the franchisee at the culmination of the training. Revenue is recognized at that time.

To license the use of the Company's brand, each franchisee enters into a franchise agreement that includes a royalty fee (7% of gross receipts), monthly technology fee ($950/month), brand promotion fund fee (2% of gross receipts), music service and license fee ($300/month), and local advertising cooperative fee (if applicable) whereby the Company is entitled to receive a specified percentage of franchise revenues or a specified monthly fee. These fees are recognized in the period in which they are earned.

Management has determined that, as a practical expedient, the Company has a right to the monthly royalty, technology, brand promotion, music service and license fee, and advertising fees from the franchisee as daily performance obligations have been completed pursuant to the Franchise Agreement. Revenue is recognized on the basis of when the franchise generates gross receipts and at which point the royalty fee and brand promotion fund fees are due and payable.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

For income tax purposes, the Company has elected to be taxed as a partnership. Accordingly, no provision for income tax is reflected in the financial statements, as it is the responsibility of the members to report their respective share of income and other tax attributes on their individual income tax returns.

It is the Company's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions will be assessed and measured by a more-likely-than-not threshold to determine if the benefit of any uncertain tax position should be recognized in the financial statements. Any changes in the amount of a tax position will be recognized in the period the change occurs. No material uncertain tax positions were identified for 2021 and 2020.

Advertising Costs

The Company expenses advertising costs as they are incurred.

Use of Estimates

Preparing the Company's financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through April 13, 2022, which is the date the financial statement was available to be issued.

NOTE 2 - INVENTORY

At December 31, inventory consists of the following:

	2021	2020
Heart rate monitors	**$ 10,885**	$ 11,360
Other miscellaneous items	**2,088**	-
	$ 12,973	$ 11,360

NOTE 3 - NOTE RECEIVABLE

As of December 31, 2020, the Company had an unsecured note receivable from a franchisee, with an outstanding balance of $5,397. The note had a maximum outstanding availability of $13,500 and was drawn by the franchisee when needed. The note called for the total outstanding balance to be paid within 12 months from the date of the agreement and had a zero percent interest rate. During the year ended December 31, 2021, the amount was considered uncollectible and was written off to bad debt expense.

NOTE 4 - RELATED PARTY TRANSACTIONS

During the ordinary course of business, the Company enters into certain transactions with related parties substantially due to short term advances and cost reimbursements. The Company had related party transactions recorded in the financial statements in the following amounts as of December 31:

	2021	2020
Due from related party		
CLT Volo Studios, LLC	$ **21,311**	$ -
Gilbert VFIT, LLC	**6,772**	-
	$ **28,083**	$ -
Due to related party		
Tough Mudder Bootcamp Operations, LLC	$ **36,714**	$ -

In addition, the Company has an executed ADA agreement with the majority shareholder and Chief Executive Officer of Novus Fitness Brands, LLC. The total amount outstanding of $118,000 is included in noncurrent accounts receivable as of December 31, 2021 and 2020 (see Note 6). Management has determined the amount to be long-term and consistent with the terms of the ADA agreement, and no allowance has been deemed necessary.

NOTE 5 - DEFERRED INITIAL FRANCHISE FEES AND COSTS (CONTRACT ASSETS AND LIABILITIES)

In accordance with ASC 606, an initial license or franchise fee received and the costs directly related to that fee are recorded as revenues and expenses when management has determined that all performance obligations have been satisfactorily completed. Fees received and the direct costs incurred prior to the recognition of the revenue and expense, are recorded as deferred income and deferred expenses until the satisfaction of those performance obligations. Deferred fee income and expenses at December 31 were as follows:

	2021	2020
Deferred area development fees	$ **194,667**	$ 154,667
Deferred turnkey package fees	**25,000**	95,500
	$ **219,667**	$ 250,167
Prior year deferred fees recognized as income	$ **95,500**	$ -
Deferred franchise expenses paid	$ **10,000**	$ -

NOTE 6 - FRANCHISE AGREEMENTS

Franchise locations consisted of the following at December 31:

	2021		
	Units	ADA Units	ARA Units
Units beginning of year	**5**	**13**	-
Units purchased/obtained	**2**	**3**	**15**
New units opened	-	-	-
Units Sold	-	-	-
Units closed	-	-	-
Units at year end	7	**16**	**15**

	2020		
	Units	ADA Units	ARA Units
Units beginning of year	-	-	-
Units purchased/obtained	5	13	-
New units opened	-	-	-
Units Sold	-	-	-
Units closed	-	-	-
Units at year end	5	13	-

On December 31, 2020, VoloFit Franchising, LLC transferred five single unit franchisee agreements and two Area Development Agreements from a related party. One of the Area Development Agreements is owned by the majority owner of Novus Fitness Brands, LLC (Holding Company).

NOTE 7 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements of VoloFit Franchising, LLC have been restated to correct an error in the prior year. The error relates to the overstatement of noncurrent accounts receivable and deferred revenue of $60,000. There was no effect on member's equity or net income for the year end December 30, 2020.

EXHIBIT E

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to VOLOFIT Franchising, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a VOLOFIT Area Representative Business is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Area Representative Agreement, at least 14 calendar days (10 business days in Michigan and New York) before I executed the Area Representative Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other area representatives regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:
PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)? ☐ Yes ☐ No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: ____ ____ __________.	INITIAL:

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Area Representative Agreement become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the VOLOFIT Business that you will purchase is located in Maryland or if you are a resident of Maryland, the following shall apply:

All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

AREA REPRESENTATIVE:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By: ___________________________
Signature

Print Name: ______________________
Title: ___________________________
Date: ___________________________

EXHIBIT F

LIST OF AREA REPRESENTATIVES

LIST OF CURRENT OPERATING AREA REPRESENTATIVES

None as of the issuance date of this Disclosure Document

LIST OF AREA REPRESENTATIVE AGREEMENTS SIGNED BUT AREA REPRESENTATIVE BUSINESSES NOT OPENED AS OF DECEMBER 31, 2021

	Area Representative Name	Address	City	State	Phone
1	SFV Unit One, LLC**	6955 148^{th} Ln	Davie	FL	954-906-9271

LIST OF AREA REPRESENTATIVES WHO LEFT THE SYSTEM OR NOT COMMUNICATED

None as of the issuance date of this Disclosure Document

EXHIBIT G

SAMPLE GENERAL RELEASE

VOLOFIT FRANCHISING, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

VOLOFIT FRANCHISING, LLC ("we," "us," or "our") and the undersigned area representative, ____ ______________________________ ("you" or "your"), currently are parties to that certain Area Representative Agreement (the "**Area Representative Agreement**") dated __________________ ______, 20___. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]____________________________ ____ ____ ____ ____ ______. We have the right under the Area Representative Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, directors, managers, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, and our and their current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "VOLOFIT Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the VOLOFIT Parties, including without limitation, Claims (1) arising out of or related to the VOLOFIT Parties' obligations under the Area Representative Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the VOLOFIT Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the VOLOFIT Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE AREA REPRESENTATIVE BOOTCAMP BUSINESS YOU OPERATE UNDER THE AREA REPRESENTATIVE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE VOLOFIT PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE VOLOFIT PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Area Representative VOLOFIT Business that you will purchase is located in Maryland or if you are a resident of Maryland, the following shall apply:

all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland franchise registration and disclosure law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the on the dates noted below, to be effective as of the Effective Date.

VOLOFIT FRANCHISING LLC	**FRANCHISE OWNER:**
	______________________________
	[Name]
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:________________	Date: ____________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	Pending
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

EXHIBIT H

RECEIPTS

RECEIPT
(OUR COPY)

This disclosure document summarizes certain provisions of the area representative agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If VOLOFIT Franchising, 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, VOLOFIT Franchising, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.
If VOLOFIT Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is VOLOFIT Franchising, LLC 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209; (973) 699-4963. The franchise seller for this offering is:

❑ Andrew Canady
VOLOFIT Franchising, LLC
2820 Selwyn Avenue, Suite 692
Charlotte, NC 28209
(973) 699-4963

❑ Jeff Kulik
VOLOFIT Franchising, LLC
2820 Selwyn Avenue, Suite 692
Charlotte, NC 28209
(973) 699-4963

❑ Devin Conner
VOLOFIT Franchising, LLC
2820 Selwyn Avenue, Suite 692
Charlotte, NC 23209
(949) 617-5117

Issuance Date: April 19, 2022

See Exhibit A for VOLOFIT Franchising, LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated April 19, 2022 that included the following Exhibits:

Exhibit A	State Administrators /Agents for Service of Process	Exhibit E	Representations and Acknowledgment Statement
Exhibit B	Area Representative Agreement	Exhibit F	List of Area Representatives
Exhibit C	State Addenda to Franchise Disclosure Document and Agreement Riders	Exhibit G	Sample General Release
Exhibit D	Financial Statements	Exhibit H	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to VOLOFIT Franchising, LLC, 2820 Selwyn Avenue, Suite 692, Charlotte, NC 28209; (973) 699-4963 .

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(YOUR COPY)

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Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.