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FRANCHISE DISCLOSURE DOCUMENT

YOGAFIT FRANCHISING, LLC
a Minnesota limited liability company
2411 Galpin Court, Suite 110
Chanhassen, MN 55317
(952) 474-5422
sales@liftbrands com
https //www yogafitstudios com/yoga-franchise-opportunities

The franchise offered is a YOGAFIT® Studio ("Studio") YogaFit Studios give members, of all levels, unlimited access to modern, welcoming, and instruction-driven yoga studios that offer a selection of both live classes and virtual on-demand classes

The total investment necessary to begin operation of a single Studio ranges from $143,900 to $371,400 This includes $68,350 to $71,650 that must be paid to the franchisor or an affiliate

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact your Franchise Development Director at YogaFit Franchising, LLC, 2411 Galpin Court, Suite 110, Chanhassen, Minnesota 55317, (952) 474-5422 or at sales@liftbrands com

The terms of your contract will govern your franchise relationship Don't rely upon the disclosure document alone to understand your contract Read your entire 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 3, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A-2 for information about the franchisor, about other franchisors, or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

Risk Factors

1 THE FRANCHISE AGREEMENT PERMITS YOU TO SUE, MEDIATE OR ARBITRATE WITH US ONLY IN MINNESOTA OUT OF STATE LITIGATION, MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO SUE, MEDIATE OR ARBITRATE WITH US IN MINNESOTA THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 YOUR FRANCHISE AGREEMENT MAY BE TERMINATED IF AN AUTHORIZED LOCATION IS NOT DESIGNATED WITHIN 90 DAYS FROM THE DATE OF THE AGREEMENT OR YOUR STUDIO IS NOT OPERATING WITHIN 90 DAYS OF THE DATE THE FRANCHISE AGREEMENT WAS SIGNED OR WHEN THE AUTHORIZED LOCATION IS DESIGNATED, WHICHEVER OCCURS LATER

4 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $143,900 to $371,400 THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBERS' EQUITY AS OF DECEMBER 31, 2017, WHICH IS $338,411

5 THE FRANCHISOR IS A DEVELOPMENT STAGE COMPANY WITH LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THIS INVESTMENT

6 THE FRANCHISOR'S AUDITED FINANCIAL STATEMENTS SHOW THAT IT IS OWED A SUBSTANTIAL AMOUNT OF MONEY FROM AN AFFILIATED OR PARENT COMPANY IF THE PARENT OR AFILIATE CANNOT PAY THESE DEBTS, THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

Effective Date See State Effective Dates Page

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	April 3, 2018
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	April 3, 2018

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 3, 2018

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

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

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

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

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

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, noi does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

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

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 the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W Ottawa Street, G Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, telephone (517) 373-7117

THIS MICHIGAN NOTICE ONLY APPLIES TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "we" or "us" means YogaFit Franchising, LLC, the franchisor "You" means the person or entity that buys the franchise If the franchisee is a corporation, partnership, or other entity, "you" includes the franchisee's owners unless otherwise stated

<u>The Franchisor, its Parent and Affiliates</u>

We are a Minnesota limited liability company formed on August 5, 2013 We currently do business only under our corporate name and the trade names YOGAFIT® and YogaFit Studios Our principal place of business is 2411 Galpin Court, Suite 110, Chanhassen, MN 55317 Our agents for service of process are disclosed in <u>Exhibit A-2</u> to this Disclosure Document We have been offering franchises described in this Disclosure Document since June 2014

We have never offered franchises in any other line of business, and have never engaged in any other business activities

We have no predecessor We are a wholly owned subsidiary of Health Fran, LLC ("Health Fran") a Minnesota limited liability company, which is our direct parent company The name and principal business address of each of the companies that directly or indirectly control us and our parent company are as follows

Name of Company	Principal Business Address	Ownership or Control of Company
TZP Capital Partners II, L P and TZP Capital Partners II-A (Blocker), L P	c/o 7 Times Square, Suite 4307 New York, NY 10036	Our "Ultimate Parent"
Snap Investments, LLC	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Owned by TZP Capital Partners II, L P and TZP Capital Partners II-A (Blocker), L P and minority co-investors
Snap Fitness Holdings, Inc	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Majority-owned by Snap Investments, LLC
Lift Brands, Inc	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Snap Fitness Holdings, Inc
Snap Fitness, Inc ("Snap Fitness")	2411 Galpin Court, Suite 110, Chanhassen, MN 55317	Wholly owned by Lift Brands, Inc

Our affiliate, Wholesale Fitness Supply, LLC d/b/a Fitness On Demand ("Wholesale Fitness Supply") provides services and sells products to franchisees Our affiliate, Snap Security Systems, Inc d/b/a Superior Security (formerly known as Superior Security Systems, Inc) ("Superior Security"), a Minnesota corporation, provides security equipment, installation support, and other services for our franchisees GoFit, LLC ("GoFit"), a Nevada limited liability company, licenses studio management software to franchisees SAP Insurance Inc ("SAP Insurance"), a North Carolina corporation and licensed insurance company, facilitates the SAPP insurance program (see Item 11 for additional infoımation about insurance) Wholesale Fitness Supply, Superior Security, SAP Insuıance and GoFit have neveı (i) operated a business similar to the one offered under this Disclosure Document, or (ii) offered franchises in any line of business

Our affiliate Snap Fitness operates and franchises the operation of SNAP FITNESS clubs, which are fitness and work out facilities offering gıoup fitness and personal training providing 24-hour keycard gym access Snap Fitness began offering franchises in March 2004 and, as of December 31, 2017, there were 933 SNAP FITNESS locations in the United States Snap Fitness has wholly-owned foreign subsidiaıies that grant franchises and provide franchise support to SNAP FITNESS franchisees located outside the United States As of the date of this Disclosure Document, these are

- *Lift Brands of Canada Inc (formerly known as Snap Fitness of Canada Inc)* ("Snap Canada"), a Canadian corporation Snap Canada has offered franchises in Canada since April 2008 Snap Canada's address is Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada

- *Snap Fitness (India) Private Limited* ("Snap India"), an Indian private limited company Snap India offered franchises in India from January 2009 to March 2012 when we appointed a master franchisee in India Snap India's address is ONE BKC, Unit 706, 7th Floor, B & C Wing, Bandra Kurla Complex (BKC), Bandra(E) Mumbai 400051, India

- *Snap Fitness Mexico S de R L de C V* ("Snap Mexico"), a Mexico limited liability entity From January 2009 to August 2011, we offered franchises directly in Mexico and from September 2011 to November 2012 Snap Mexico offered franchises in Mexico In December 2012, we appointed a master franchisee for Mexico Snap Mexico's address is at Iglesia 2 Torre E 1204 Tizapan San Angel, 01090, Federal District, Mexico

- *Lift Brands (Australia) Pty Ltd (formerly known as Snap Fitness (Australia) Pty Ltd)* ("Snap Australia"), an Australian proprietary limited company From June 2009 to April 2010, we directly offered franchises in Australia and since April 2010 Snap Australia has offered franchises in Australia Snap Australia's address is 315 Ferntree Gully Road, Mount Waverley, VIC 3149, Australia

- *Lift Brands New Zealand Limited (formerly known as Snap Fitness New Zealand Limited)* ("Snap New Zealand"), a New Zealand limited company Snap New Zealand has offered franchises in New Zealand since November 2009 Snap New Zealand's address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010, New Zealand

- *Lift Brands UK Limited (formerly known as Snap Fitness UK Limited)* ("Snap UK"), a UK limited company Snap UK has offered franchises in the UK since October 2009 Snap UK's address is Franchise House, 3A Tournament Court, Tournament Fields, Warwick, Warwickshire CV34 6LG, United Kingdom

Additionally, our affiliate Insurgence Franchising AU Pty Ltd ("Insurgence AU"), an Australian proprietary limited company has offered franchises under the "Insurgence Fitness" brand since 2018 Insurgence AU's address is 315 Ferntree Gully Road, Mount Waverley, VIC 3149, Australia

From January 2012 to June 2014, we were affiliated with Kosama Franchising, LLC, the franchisor of KOSAMA fitness clubs in the United States In a transaction that closed on July 1, 2014, Kosama Franchising, LLC, was acquired by a third party, and we are no longer affiliated with this franchisor Our affiliate, Kosama Holdings, LLC, however, continues to hold worldwide rights to the KOSAMA family of trademarks

Our direct parent, HealthFran, has the rights to franchise 9ROUND kickboxing gyms in Australia, New Zealand, Mexico and Europe We also are affiliated with foreign companies that operate or franchise the above brands outside the United States While we do not directly operate a business of the type described in this Disclosure Document, one of our affiliates operates one or more YOGAFIT® Studios

Snap Fitness, Kosama Holdings, Wholesale Fitness Supply, Superior Security, SAP Insurance, GoFit, and HealthFran each maintain their principal business address at 2411 Galpin Court, Suite 110, Chanhassen, MN 55317 Except as described above, Snap Fitness has not offered franchises in any other line of business

<u>The Franchise Offered</u>

We have developed a proprietary business format and system ("System") for operating a yoga studio ("Studio") YogaFit Studios give members, of all levels, unlimited access to modern, welcoming, and instruction-driven yoga studios that offer a selection of both live classes and virtual on-demand classes

Services will be offered from a fixed physical location that we approve and that meets our standards for design and appearance The studio will also offer yoga seminars and workshops and will sell approved merchandise and apparel

Our System includes a distinct interior layout, design, decor, color scheme, graphics, fixtures and furnishings, proprietary components of the YOGAFIT Program, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques and procedures that we designate (collectively, the "Standards") Services performed under the System are identified by the trade name and service mark "YOGAFIT" and other trademarks, service marks and trade identifiers that we designate (the "Marks")

Our "Standards" include quality standards and procedures for customer service and other aspects of Studio operations, and detailed descriptions of our criteria for designing and constructing the Studio, what furniture, fixtures, signage, and equipment may be used in connection with Studio operations, how you use our Marks, and other aspects of Studio operations

We grant qualified candidates the right to operate a YOGAFIT Studio according to a Franchise Agreement (see Exhibit C) and our Standards which will be communicated to you via our confidential operations manuals (the "Manual") (see Item 11)

Market Accelerator Program

We grant qualified candidates the right to develop and operate three Studios for a reduced initial franchise fee of $60,000 for all three studios according to our Market Accelerator Program If we grant you franchise rights according to our Market Accelerator Program, you will sign three Franchise Agreements at the same time, and commit to opening the first Studio within six months after the Franchise Agreements are signed, the second Studio within one year after the Franchise Agreements are signed, and the third Studio within 18 months after the Franchise Agreements are signed During the development period, we will neither develop nor license anyone else the right to develop a Studio physically located in the preliminary designated area noted on your franchise agreement (or the preliminary designated area as changed or added under our then-current site selection policy) See the Market Accelerator Program Addendum attached as Attachment H to the Franchise Agreement

The Market and Competition

The market for yoga services is well developed and very competitive You will compete with other yoga studios, pilates facilities, private health, fitness and exercise clubs offering similar services, including national franchise systems and other regional or local chains offering yoga and similar classes You also will compete to a certain extent with public recreation centers and not-for-profit community organizations, such as the YMCA Before selecting a site for your Studio, you should survey the area for existing competitors and, in new or undeveloped areas, be aware that a competitor may enter the market at any time

Typically, services are sold to individuals and are not seasonal, although you may experience peak months and membership fluctuations For example, January is typically a busier month for fitness, health and wellness facilities

Industry Specific Laws and Regulations

You must operate your Studio in full compliance with all applicable federal, state and local laws, rules and ordinances In addition to laws and regulations that apply to businesses generally, your Studio will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act Further, you are solely responsible for complying with all employment, wage and hour laws, discrimination, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes

The physical fitness, health and wellness industry, particularly providing services through for profit centers, is subject to extensive regulation at the local, state and federal levels Many states have enacted specific laws (1) regulating membership contract length and terms, advertising and limitations on pre-opening sales, and (2) requiring bonding, buyer's remorse cancellation rights for limited periods (usually three to ten days after sale), and cancellation and partial refund rights for medical or relocation reasons At the federal level, health centers who sell memberships on credit may be subject to the federal Truth-In-Lending Act and Regulation Z and various other credit-related statutes like the Equal Credit Act and Fair Debt Collection Practices Act

Some states have laws that require and regulate the content of service contracts and/or that require the presence of at least one person trained in administering CPR and/or to use an external defibrillator Many states also require that certain types of fitness centers be equipped with working defibrillators

It is solely your responsibility to comply with all applicable laws and regulations and to obtain and keep in force all necessary licenses and permits required by public authorities Before purchasing the franchise we strongly urge you to hire an attorney to review local, state and federal laws that may affect your operations or impact your operating costs

ITEM 2
BUSINESS EXPERIENCE

Peter Taunton – President/CEO

Peter has been with us since our inception and currently serves as our President/CEO Peter is also the founder of the SNAP FITNESS concept, and has served as President/CEO and Director of Snap Fitness, since October 2003 Peter also served as Chief Executive Officer of Kosama Franchising, LLC, from November 2011 through July 2014 Peter also has served on the Board of Managers of 9Round Franchising, LLC, a franchise company in which Health Fran owns a minority interest, located in Greenville, South Carolina since February 5, 2013, and the board of directors of Farrell's Extreme BodyShaping, Inc , in which our parent has a minority investment, located in Des Moines, Iowa since January 6, 2016 Peter has been an owner and operator of health clubs for over 30 years

Thomas Welter – COO

Thomas joined Lift Brands in November 2017 and serves as COO Thomas has over 20 years of franchising experience From March 2010 to November 2017, he served as VP of Franchising for J D Byrider in Carmel, Indiana From April 2004 to February 2010 he served as Senior VP of Operations and Regional VP for 24 Hour Fitness in San Ramon, California

Alison McElroy – CLO & SVP Strategic Relationships

Ali joined Snap Fitness in June 2009, and currently serves as Chief Legal Officer and SVP Strategic Relationships for Lift Brands

John Heller - CFO

John joined Lift Brands in July 2016 and serves as CFO for Lift Brands and its subsidiaries John has over 20 years of finance and accounting experience From June 1998 to April 2016 he was with Life Time Fitness in Chanhassen, Minnesota, USA, most recently serving as VP of Finance and Treasurer

John Voskamp – VP of Domestic Brand Performance

John joined Snap Fitness in June 2010 as a Director of Training and Development John has served in various roles within the company and most recently as the VP of Domestic Brand Performance

April Fisk – VP Global Support and Development

April currently serves as VP Global Support and Development April originally joined Snap Fitness in 2006 and has served in various roles from 2006 to June 2012 and again from August 2013 to present From June 2012 to August 2013 she was a stay at home parent

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

On November 15, 2011, John Voskamp, our VP of Domestic Brand Performance, filed a bankruptcy petition under the liquidation provisions of Chapter 7 of the United States Bankruptcy Code In re Voskamp, Case No 11-47442 The bankruptcy court entered a discharge on February 7, 2012

ITEM 5
INITIAL FEES

Initial Franchise Fee

You will pay us an initial franchise fee when you sign a Franchise Agreement If you are acquiring franchise rights for a single Studio, the initial franchise fee is $25,000 If you are acquiring franchise rights for three Studios according to our Market Accelerator Program (see Item 1) you will sign three separate Franchise Agreements and our Market Accelerator Agreement at the same time, and will pay us a total, combined initial franchise fee of $60,000 for all three Studios at that time

The initial franchise fee is payable in full when the Franchise Agreement is signed, and is considered fully earned and nonrefundable upon payment The initial franchise fee is uniform for all franchisees

We participate in the IFA's VetFran program and offer a $5,000 discount off the initial franchise fee for qualified veterans If you qualify for this program, the initial franchise fee for one Studio is $20,000 and the initial fee for three Studios under the Market Accelerator Program is $55,000

YOGAFIT® GO FAST™ Kit

Before opening, you will purchase the YOGAFIT® GO FAST™ Kit from us or our affiliate The GO FAST™ Kit includes interior branding items, cubbies and cabinets, flooring materials, studio equipment, marketing and promotional items and an initial inventory of access cards If you are developing three Studios according to the Market Accelerator Program, you will purchase one GO FAST™ Kit for each Studio The current purchase price for the standard GO FAST™ kit ranges from $20,000 to $23,000 plus shipping and taxes (if applicable), and is payable in full before the Studio opens and is nonrefundable upon payment The GO FAST™ may be financed through our preferred vendor (see Item 10 for more information) If you choose to add items to the GO FAST™ kit, the purchase price may be higher

In Studio Technology Package

You will pay Superior Security for the in studio technology package ("In Studio Technology Package") and installation support before your Studio opens, or you may finance the In Studio Technology Package through our preferred vendor (see Item 10 for more information) The standard In Studio Technology Package includes door access components, panic system, camera and surveillance equipment, VOIP phone system, studio sound system, Fitness On Demand hardware and related items The price for the standard In Studio Technology Package is $23,200 plus taxes (if applicable), which includes installation The amount you pay will depend on the square footage of the Studio, ceiling height and the number of doors

Superior Asset Protection Plan

We have established an insurance program for the benefit of our franchisees called the Superior Asset Protection Plan (SAPP) You must have insurance from the date you sign your lease The insurance premium is collected by us as the billing administrator and forwarded to the insurance providers We estimate the amount you pay for this insurance prior to opening will be $150 to $450 See Item 8 for additional information about insurance

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee	The greater of 5% of Gross Revenues or $500 per month	Monthly	Payment will be submitted by electronic funds transfer or any other means that we designate See Note 2 for definition of Gross Revenues
National Marketing Fee	The greater of 2% of Gross Revenue or $100 per month	Monthly	Note 3
Local Marketing Fund or Advertising Cooperative Contribution	The greater of 2% of Gross Revenues or $100 per month	Monthly	See Item 11 for more information about our right to set up and require participation in a Local Marketing Fund or an Advertising Cooperative
Website Fee	$30 per month per Studio	Monthly	Subject to annual increase by an amount not to exceed the increase in the Consumer Price Index
Door Access Cards	Then-current price for door access cards (currently $5 00)	As incurred	
Software License Fee (Fitware)	Currently, $185 per month	Monthly	
FitnessOnDemand	Currently, $149 99 per month	Monthly	
Decline Recovery Service	$1 00 per decline	As incurred	
Online Acquisition Fee	$15 per online enrollment	As incurred	Note 3
Reimbursement Processing Fee	$35 per month	Monthly	Note 3
Audits	Cost of audit plus interest at the maximum rate allowable by law	Immediately upon receipt of bill	Payable only if an audit reveals that you have under reported memberships or Gross Revenues by more than 2%
Transfer Fee	$15,000	Upon application for consent to transfer	Payable when you transfer your franchise See Item 17 for additional information on transfers

Type of Fee (Note 1)	Amount	Due Date	Remarks
Convention	Note 4	Annual	Note 4
Renewal Fee	10% of the then-current initial franchise fee (reduced to 5% if your renewal franchise documents are returned on time)	Upon renewal	
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the Franchise Agreement causes us to incur legal expenses
Insurance	$130-$200 monthly	As incurred	See Item 8 for more information on the SAPP insurance program
Interest	18% per annum or the maximum amount allowed by law	Upon demand	Payable only if you fail to pay amounts owed to us when due
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations
Supplier Review Fee	Our costs and expenses, which are currently expected to range between $1,000 and $3,000, although costs could exceed those amounts depending on the product	As incurred	See Item 8 for more information on approved suppliers
Modernization and Maintenance Costs	Our reasonable costs and expenses which will vary	Upon demand	You must maintain the Studio according to our system standards and modernize the Studio after five years If you fail to maintain or modernize your Studio according to our standards, we may complete these for you and you must pay us our reasonable costs
Additional Assistance or Training	Currently, $250 per day plus travel costs	Immediately upon notice from us	Note 5
Securities Offering Costs	Will vary under the circumstances	Upon demand	If you engage in a private offering of securities, we must review the prospectus or other offering documents and you will pay our costs and expenses (including attorney's fees) for that review

Notes

(1) All fees are imposed by, payable to, and collected by us unless otherwise noted All fees are imposed uniformly and are non-refundable upon payment As noted in the chart above, several fees paid to us are subject to adjustment each year over the 10-year agreement term based on increases in the Consumer Price Index Adjustments based on the Consumer Price Index will be made no more than once per year

(2) "Gross Revenues" means the aggregate of all revenues derived from the sale of all products and services, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, that you in the normal and customary course of your operations would credit or attribute to the operation of a YOGAFIT Studio Gross Revenues do not include revenues received from (1) returns to shippers, vendors, or manufacturers, (2) sales of fixtures, furniture or equipment after being used in the conduct of the Studio, (3) insurance proceeds, or (4) the amount of any city, county, state or federal sales, luxury or excise tax on sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority by you

(3) We have not yet implemented these fees, but intend to do so in the future See Item 11 for more information about the national marketing fee We may establish programs under which we will administer certain reimbursements of membership dues for the insurance companies, affinity groups and national accounts and reserve the right to charge a reimbursement processing fee We anticipate that the fee will be payable for any month that the reimbursements of membership dues for a Studio from these accounts is $35 or more The member engager is a tool to assist you with engaging your members and includes automated e-mails, templates and more

(4) All franchisees are required to attend the annual convention and we anticipate that there will be a fee in future years Further, we reserve the right to charge a fee if you fail to attend the annual convention

(5) We may require you to receive additional training or assistance if you are not meeting our standards You are responsible for the cost of that training or assistance at the then-current rate

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount[1]	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	$25,000	Lump sum	Upon signing of Franchise Agreement	Us
GO FAST™ Kit	$20,000 to $23,000	As arranged	Upon receipt of invoice	Us or our affiliate
In Studio Technology Package (including FitnessOnDemand)	$23,200	As arranged	As arranged	Us or our affiliate
Grand Opening Marketing[2]	$4,000 to $7,000	As arranged	As arranged	Vendors

Type of Expenditure	Amount[1]	Method of Payment	When Due	To Whom Payment Is to Be Made
Mirrors	$6,000 to $12,000	As arranged	As arranged	Approved supplier
Miscellaneous Equipment	$0 to $1,500	As arranged	As arranged	Approved supplier
Exterior Signage	$2,500 to $4,000	As arranged	As arranged	Approved supplier
Leasehold Improvements[3]	$0 to $170,000	As arranged	As arranged	Landlord, approved suppliers, contractors, lender and vendors
Rent[4]	$9,000 to $18,000	As arranged	As arranged	Landlord
Deposits, Utilities, and Insurance[4]	$2,700 to $5,700	As arranged	Before opening	Landlord, utility companies, insurer and us
Training Expenses[5]	$500 to $3,000	As arranged	As arranged	Hotels, restaurants, transportation providers
Business Licenses and Professional Fees[6]	$1,000 to $4,000	As arranged	As arranged	Appropriate licensing authorities and third parties
Additional Funds (3-month period)[7]	$50,000 to $75,000	As arranged	As incurred	Employees, suppliers
TOTAL[8]	$143,900 to $371,400			

The expenses in Item 7 are estimates of your initial investment for one Studio prior to commencing operations and for the first three months thereafter The estimates above are based on a Studio with 1,400 to 2,400 square feet If your Studio includes more or less square feet your estimated initial investment will vary If you qualify for the VetFran program discount, your Initial Franchise Fee would be reduced by $5,000 (see Item 5) We cannot guarantee that you will not have additional expenses starting the business Your costs will depend on how closely you follow the YOGAFIT® system standards, your management skill, experience and business acumen, local economic conditions, acceptance by local consumers of our approved services, prevailing wage rates, competition and other factors

If you develop three Studios under our Market Accelerator Program, you will incur these expenses for each of the three Studios and your Initial Franchise Fee will be $60,000 for all three Studios In preparing your budget you also should consider the potential effect of inflation on future costs

Notes

(1) All payments are nonrefundable unless otherwise permitted by a third party supplier Some states may charge sales tax on certain items

(2) You must conduct certain marketing advertising and public relations activities in connection with the opening of your Studio, as we specify in writing We require you to spend, in addition to any national or local advertising fee, at least $4,000 for such grand opening activities and recommend you spend up to $7,000 depending on your marketing plan

(3) The costs of construction and leasehold improvements depend upon the size and condition of the Studio premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Studio In some cases, your landlord may agree to pay for some or all of the leasehold improvements as part of your lease negotiations These estimates assume that the leased space is in vanilla shell form and has working HVAC The high end of the range assumes that additional heat and humidity mechanical equipment is purchased for your Studio

(4) The estimated expenses for your business location are based on leasing a 1,400 to 2,400 square foot facility, include your security deposit, utility deposits and insurance and assumes that your landlord will provide several months of free rent A typical lease location is in a strip center and the typical Studio has approximately 1,400 to 2,400 square feet of space The space must be enclosed and separate from other businesses with its own locking door A security deposit is typically refundable only if you have not breached your lease Please check the terms of your lease

The estimated deposits for utilities include electric, gas, and water, but your deposit may vary due to policies of local utility companies

See Item 8 for more information about our insurance requirements and our SAPP insurance program This estimate includes premium for three months of our SAPP insurance plan If you need additional insurance for your Studio (for example, state workers' compensation or a surety bond), you may have additional costs A surety bond may range from $100 to $500, depending on the state Workers' compensation coverage may range from $450 to $1,000 and may be more depending on the number of employees and your state requirements

(5) There is no separate training fee payable to us for the initial franchisee training program, as it is included in the Initial Franchise Fee You must make arrangements and pay the expenses for you and your general manager to attend our training program, including transportation, lodging, meals and wages See Item 11 for more information on training The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose The high figure represents the estimated cost of airfare travel to and from the training locale, lodging expenses (assuming double occupancy for three nights), and dining expenses for two people attending four days of training The low figure assumes the two individuals will drive from home to the training locale in the same vehicle, and includes fuel costs, lodging expenses (assuming double occupancy for three nights), and dining expenses

(6) We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your Studio, to help you set up a business entity, to review and negotiate your lease(s), to assist you in adapting the Membership Agreement to laws and regulations in your state or locality, and for whatever other purpose you deem appropriate The figure in the chart is an estimate of various licensing fees you may pay in your first three months of operation, which may include music licensing, software licenses, state health club registrations and local business licenses

(7) "Additional Funds" is the estimated amount of working capital you will need to cover other initial operating expenses for a period of three months The estimate of initial investment funds is based on owner-operated business, or incorporating franchise operations to an existing complimentary business and does not include salaries or benefits for full-time employees As your business grows, you may choose to hire employees to carry out support service tasks The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses By providing you with this estimate, we are not necessarily suggesting that you will reach "breakeven" or any other financial goal within this period or any other particular timeframe Although your franchised business may be through its "initial phase" by three

months, you should not expect it to have reached "break-even," or any other financial level, by that time and we strongly recommend that you have (or have access to) additional start-up capital beyond the amounts shown in the above table, since there can be no reliable projection as to when (if ever) your franchised business will reach breakeven or any other financial goal and it is possible that the figures shown for working capital may not be adequate for your needs The franchised business may have negative cash flow for the first year or longer You also should have sufficient capital or other means to pay for your living expenses for at least 12 months You should carefully consider these possible capital needs before making any investment or signing any binding documents with us

(8) To compile these estimates, we relied on our affiliates' experience in operating similar businesses You should review these figures carefully with a business advisor before making any decision to purchase the franchise Your costs will depend on factors such as how closely you follow our recommended System, your management skill, experience and business acumen, business location, local economic conditions, the time of year, the local market for our services, competition, and the sales level reached during the initial period The actual amount of funds you will need depends on a variety of factors, including the size of your Studio, the time of year when you start your business, type and quantity of exercise equipment in your Studio, implementation of a marketing plan, your own management skill, economic conditions, competition in your area, and other factors

The estimated initial investment for developing three Studios under our Market Accelerator Program ranges from $416,700 to $1,099,200 (calculated as three times the investment required for a single Studio, less the initial franchise fee discount offered under the Market Accelerator Program)

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the YOGAFIT System, you must maintain and comply with our required quality standards Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you

Site Selection

You must operate the Studio at a location that meets our site selection requirements and that we have approved If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Attachment E)

You must construct and equip your Studio according to our design Standards (see Item 1 for a definition of "Standards") In addition to meeting our design Standards, it is your responsibility to insure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws You also must use equipment (including hardware and software for the In Studio Technology Package, as further described in Item 11), signage, fixtures, furnishings, products, supplies and marketing materials that meet our Standards

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved equipment, signs, stationery, supplies and other items or services necessary to operate the Studio ("Approved Supplies List") for the items disclosed below We, an affiliate, or a third party vendor or supplier, may sometimes be the only approved supplier for certain products The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate Standards for other approved products We may revise the Approved Suppliers List and Approved Supplies List from time to time We give you the approved lists as we deem advisable

You may use in the operation of the Studio only the proprietary or non-proprietary equipment that we specify, and must purchase and lease all equipment that we designate (including the security system and computer system) from our approved suppliers You must purchase the GoFast Kit from us or our affiliate, which includes certain equipment and an initial inventory of merchandise and supplies (see Item 5) Superior Security currently is the only approved supplier for the door access and media system, Wholesale Fitness Supply is the only approved vendor for the GoFast Kit and FitnessOnDemand virtual class technology system and GoFit is the only approved vendor for the club management software

Except for these items and the insurance, described below, neither we nor our affiliates currently are approved suppliers for any products or services Except for any ownership interest in our affiliates, none of our officers hold an interest in any of our suppliers

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request You must pay the reasonable cost of the inspection and evaluation and the actual cost of the test The supplier also may be required to sign a supplier agreement We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria We will send written notice of any revocation of an approved supplier or item

We apply the following general criteria in approving a proposed supplier *(1)* ability to make product in conformity with our specifications, *(2)* reputation and integrity of supplier, *(3)* financial condition and insurance coverage of the supplier, and *(4)* system uniformity Our standards are communicated through the Manual and other written directives, including system newsletters or bulletins that may be sent periodically to all franchisees Our specifications generally are issued only to approved suppliers

<u>Insurance</u>

You must participate in the SAPP insurance program unless we approve otherwise, and you provide proof of insurance meeting our minimum limits outlined in the Franchise Agreement The SAPP insurance program includes property, crime, general liability and hired and owned auto written by Mt Hawley Insurance Company, headquartered in Peoria, Illinois The commercial umbrella liability is written by Great American E&S Company, headquartered in Cincinnati, Ohio The SAPP program provides the following coverages

Type of Insurance	Amount
Commercial General Liability including Product Liability and Personal and Advertising Injury	$1,000,000 per occurrence, $2,000,000 in the aggregate
Fire Legal Liability Damages to Studio premises	$500,000
Medical Expenses	$1,000
Professional liability (for owners and employees) including abuse and molestation	$1,000,000 per occurrence
Hired and Nonowned Auto Liability	$1,000,000 per claim

Type of Insurance	Amount
Property – Special Form, including mechanical breakdown	$100,000
Improvements and Betterments	Included
Business Income (12 months)	Actual loss sustained
Crime (employee dishonesty, theft, and robbery)	$10,000 per occurrence
Cyber Liability (Internet security and privacy insurance)	$25,000 per occurrence and in the aggregate
Employment Practices Liability Insurance	$50,000
Deductible	$1,000
Defense Costs	In addition to policy limits
Commercial Umbrella Liability	$10,000,000 per occurrence and $10,000,000 in the aggregate

In addition to participation in the SAPP insurance program, you must carry workers' compensation and employer liability coverage as required by the jurisdiction in which you operate the Studio

All required insurance not included in the SAPP insurance program must be obtained from a responsible carrier or carriers acceptable to us (generally an AM Best rating of A- or better) All of the policies must name us and anyone else we designate with an insurable interest as additional insured and must include a waiver of subrogation in favor of each additional named insured

Marketing and Promotional Materials

You may use only marketing and promotional materials that meet our standards (see Item 11 for more information on advertising and marketing)

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from franchisee purchases and leases to the extent that you purchase products or services directly from us or our affiliates We and our affiliates also have arrangements with certain suppliers whereby we or our affiliate receives rebates from franchisee purchases or leases, calculated as either a fixed amount or a percentage of sales, ranging from 2% to 60%

During our fiscal year ended December 31, 2017, we did not receive revenue from the sale of goods or services to our franchisees During the same period, Superior Security derived approximately $75,484 in revenue from the sale of goods or services to our franchisees and Wholesale Fitness Supply derived approximately $90,362 in revenue from the sale of goods or services to our franchisees These figures were taken from our parent's and affiliates' accounting records

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your required purchases will represent approximately 70% of your total purchases in connection with establishing the Studio (excluding the franchise fee and other non-goods expenditures), and over 70% of the ongoing costs that you will need to operate the business (excluding franchise fees and royalties and other non-goods expenditures)

Desciiption of Purchasing Cooperatives, Purchasing Arrangements

We negotiate purchase arrangements for the benefit of the System but not on behalf of individual franchisees This does not guarantee that the price for these products or services will be lower than other products or services on the market We are not aware of any purchasing or distribution cooperatives in the System as of the date of this Disclosure Document We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements It will help you find more detailed information about your obligations in these agreements and in other items in the Disclosure Document

Obligation		Section in Franchise Agreement	Disclosure Document Item
a	Site selection and acquisition/lease	Sections 2B, 2C and 5A	Items 7 and 11
b	Pre-opening purchases/leases	Sections 5A, 5B, 5C, 6A and 6C	Items 5, 6, 7 and 8
c	Site development and other pre-opening requirements	Sections 2B, 2C, 5A, 5B and 5C	Items 7, 8 and 11
d	Initial and ongoing training	Sections 7B and 7C	Items 5, 6 and 11
e	Opening	Section 5D	Items 5 and 11
f	Fees	Sections 6K, 7C, 8, 9, 11C 9 and 11H	Items 5, 6 and 7
g	Compliance with standards and policies/Operations Manual	Section 6	Items 6, 7, 8, 11, 14 and 16
h	Trademarks and proprietary information	Sections 3, 6H, 10E and 10F	Items 13 and 14
i	Restrictions on products/services offered	Section 6	Items 6, 7, 8, 11, and 16
j	Warranty and customer services requirements	None for warranty Customer services, see Section 6	Items 6 and 11
k	Territorial development and sales quotas	Sections 2B and 2C and Attachment A	Item 12
l	Ongoing product/service purchases	Section 6	Items 6, 7 and 8
m	Maintenance, appearance, modernization and remodeling requirements	Section 5	Items 8 and 11
n	Insurance	Section 10C	Items 6, 7 and 8

Obligation		Section in Franchise Agreement	Disclosure Document Item
o	Advertising	Section 8	Items 6, 7 and 11
p	Indemnification	Section 10B	Not applicable
q	Owner's participation/ management/staffing	Sections 7 and 15F	Item 15
r	Records/reports	Sections 6D, 9G and 9H	Not applicable
s	Inspections/audits	Sections 5C, 6E and 9J	Items 6 and 11
t	Transfer	Section 11	Items 6 and 17
u	Renewal	Section 4	Item 17
v	Post-termination obligations	Sections 10D and 14	Item 17
w	Non-competition covenants	Section 10D	Item 17
x	Dispute resolution	Section 12	Item 17
v	Other (describe)	Not applicable	Not applicable

ITEM 10
FINANCING

You may qualify for financing through our preferred financing vendor, Lease Servicing Center (LSC), through a program under which we guarantee a portion of the financed amount Qualification depends on your personal credit profile and other factors

The following chart summarizes the material financing terms

Financing Program	Item Financed	Source of Financing	Down Payment	Amount Financed	Term	APR %	Monthly Payment	Pre-payment Penalty	Security Required	Liability Upon Default
Lease Servicing Center Program[5]	Standard Equipment Package[1]	Lease Servicing Center	Note 2	$15,000 to $115,000	48-mos	10 9%	$385 to $2,815	Discounted present value of payments (discount rate of 4% per year)	Security Interest in Assets, Personal Guarantee, Assignment of Studio[3]	Note 4

Notes

Note 1 If you qualify, financing is available for the GO FAST™ kit, In Studio Technology Package (including FitnessOnDemand), equipment, exterior signage, mirrors and leasehold improvements The details of the agreement are included in the chart above

Note 2 Under the LSC Program, you generally will make one payment in advance and pay a documentation fee of $500

Note 3 The LSC Program requires that the franchise owner(s), including any underlying owners of the franchise, sign a personal guaranty and give the lender a security interest in the acquired assets In addition, you will execute conditional assignments of the Franchise Agreement, lease, membership agreements, telephone and utilities for the Studio

Note 4 If you default under the terms of the agreement with LSC, you will pay a late charge of 15% of the payment (or the maximum allowed by law, if less) LSC may also terminate or cancel the agreement and require that you pay the unpaid balance, discounted to present value at 4%, or require that you return the equipment to LSC LSC may sell the equipment and you may be required to pay any deficiency remaining after that sale and for the costs related to the sale, attorneys' fees and court costs or other obligations to LSC LSC may also exercise their assignment of the Franchise Agreement, lease, membership agreements, telephone and utilities We have a written agreement with LSC to guarantee a portion of the lease amount if you default on your equipment lease with them Because we provide this guarantee of your obligations, your default under the financing agreement with LSC is a default under the Franchise Agreement and may lead to termination of your franchise rights You waive all rights to sue LSC for consequential or incidental damages

Note 5 Sample forms of the agreements with LSC for the Lease Servicing Center Program are attached to this Disclosure Document as Exhibit G LSC has the right to sell, assign or discount your financing agreement to a third party and, if LSC transfers the financing agreement, the transferee will not have to perform any of LSC's obligations and the rights of the transferee will not be subject to any claims, defenses, or setoffs that you have against LSC

We do not receive payments or other consideration from any person for the placement of financing with the lenders of the programs described above

In addition to the programs mentioned, we may periodically arrange with third party finance companies or banks to make financing programs available to franchisees These arrangements ordinarily involve no more than arranging to put franchisees in contact with sources of financing available to individual franchisees There is no assurance that financing will be offered in any particular instance If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration Neither we nor any of our affiliates receive any payments in exchange for such referrals or the placement of any financing It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing for the establishment of your Studio

Except as described above, as of the date of this Disclosure Document we do not offer direct or indirect financing and we do not guarantee your note, lease or obligation

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

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

Pre-Opening Obligations

Before you open your Studio, we will

1 Provide you with site selection criteria and general design requirements for your Studio (Franchise Agreement, Sections 5A and 5C)

2 Provide you with the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C)

3 Provide you with access to an electronic version of the Manual that details the specifications and procedures incidental to the operation of the Studio (Franchise Agreement, Section 6G)

4 Provide the training programs described below (Franchise Agreement, Sections 7B and 7C)

5 Provide grand opening promotional materials and assistance (Franchise Agreement, Section 8B)

Ongoing Obligations

During the operation of your Studio, we will

1 Provide you with membership services, including administering certain aspects of reciprocity and membership billing (Franchise Agreement, Section 6B and 6O)

2 Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C)

3 Evaluate your business and provide ongoing support and service as we determine necessary (Franchise Agreement, Section 6E)

4 Provide refresher training courses as we determine necessary (Franchise Agreement, Section 7C)

Advertising and Marketing

You must use your best efforts to aggressively promote and advertise the Studio in your local area and participate in any local promotional programs that we establish (subject to applicable law) You must spend at least 2% of Gross Revenues on local advertising per year We strongly recommend that you spend money every month on local advertising If you fail to spend at least 2% of Gross Revenues on local advertising we reserve the right to collect any deficiency from you and deposit the amount in the Marketing Fund (defined below)

Any marketing material not designed or provided by us must be pre-approved, you must submit your marketing materials to us for approval prior to use (print, electronic or other forms of media) and actively promote your Studio and the System through use of approved local marketing and marketing materials We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified, up-to-date, and in good condition, adhere to brand standards, and accurately depict the YOGAFIT Marks The marketing materials will be deemed approved if we do not disapprove or comment within 10 business days of receipt

National Marketing Fee

As of the date of this Disclosure Document, we operate and manage a National Marketing Fund (the "Marketing Fund") to advertise and promote Studios in the System You must pay us a National Marketing Fee of the greater of 2% of Gross Revenues or $100 per month We will deposit the National Marketing Fee in the Marketing Fund which is part of our general account We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of *(i)* preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising, *(ii)* conducting e-commerce website activities, *(iii)* updating and hosting a website (including the development of locator programs), *(iv)* providing market intelligence through analytics to the System, *(v)* conducting member interviews, focus groups and surveys, *(vi)* providing creative development services including the development and modification of Studio design and trade dress, logos, graphics and vehicle wraps, *(vii)* obtaining sponsorships and endorsements, *(viii)* developing and conducting contests, sweepstakes and other prize promotions, *(ix)* developing and administering member loyalty programs, coupons and gift certificates, *(x)* engaging advertising and marketing agencies and public relations firms, and *(xi)* any other expenses for developing and promoting the brand or System We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee's local market In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns We will determine the use of the monies in the Marketing Fund

We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund

We are not required to spend any particular amount of the Marketing Fund on marketing, advertising or production in the area in which your Studio is located National Marketing Fees not spent in any fiscal year will be carried over for future use We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund National Marketing Fees will not be used for advertising principally directed at the sale of franchises, provided our general marketing materials may reference franchise sales available At your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund

All YogaFit franchisees are required to pay the National Marketing Fee, provided the amount of the National Marketing Fee may vary depending on the National Marketing Fee amount in effect at the time the franchisee signed a franchise agreement All company- or affiliate-owned Studios will contribute to the Marketing Fund on the same basis as similarly-situated franchisees Historically, we collected the National Marketing Fee from franchisees but did not have a marketing fund As of the date of this Disclosure Document, all future National Marketing Fees will be deposited into the Marketing Fund

Since the Marketing Fund did not exist in 2017, we have no Marketing Fund expenditures to report

Local Marketing Fund and Advertising Cooperative

We have the right to designate, in our sole judgment, any geographical area in which at least two YOGAFIT franchises are located as a designated advertising area for the purposes of establishing a local marketing fund that we control ("Local Marketing Fund") or local or regional advertising cooperative controlled by its members ("Cooperative")

As of the date of this Disclosure Document we have not established any Cooperatives or Local Marketing Funds but we may do so in the future

If a Local Marketing Fund or Cooperative is established in your market, you must participate and contribute Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions we require will not exceed the greater of 2% of Gross Revenues or $100 per month A Cooperative may vote to increase the required contribution amount, however, if approved by members representing at least two-thirds of the Studios in the Cooperative Any contributions you make to a Cooperative will count toward the minimum local advertising expenditure noted above

Each Studio in the Cooperative will have one vote Studios owned by us and our affiliates will be a member of the Cooperative and will make the same contribution and have the same voting rights as franchised locations Each Cooperative will be required to adopt governing bylaws that meet our approval and that we may require the Cooperative to amend from time to time We will provide the Cooperative with a sample form of bylaws that the Cooperative must use and we must approve, containing certain terms and conditions that we require, although the bylaws will not modify the voting structure described in this paragraph

Cooperatives must submit to us their meeting minutes on our request All Cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation Each Cooperative must use only the approved media buyer and advertising agency The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative If you wish to obtain an accounting of your local Cooperative you may do so by submitting your request in writing to the officers of the Cooperative We reserve the right to administer the Cooperatives' funds and will require payment from its members via electronic funds transfer The governing documents are available for review upon reasonable request We reserve the right to require advertising and marketing cooperatives to be formed, changed, dissolved or merged

Grand Opening Marketing

You must conduct an initial promotional campaign in accordance with our standards and specifications which includes a required minimum of $4,000 spent on advertising and marketing of your Studio within the first 60 days of business operations

Advertising Council

There currently is no advertising council composed of franchisees that advise the franchisor on advertising policies, but we reserve the right to form one in the future

Technology System

You must acquire and use all computer hardware and related accessories and peripheral equipment, including door access components, panic system, camera and surveillance equipment, VOIP phone system, studio sound system, Fitness On Demand hardware and related items that we prescribe for use by the Studio You may not use any cash registers or computer hardware, accessories or peripheral equipment that we have not approved for use As of the date of this Disclosure Document, you must purchase the In Studio Technology Package from Snap Security Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections, and establishment of one or more e-mail accounts

You must *(i)* use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Studio, *(ii)* input and maintain in your computer such data and information as we prescribe in the Manual and other written directives, *(iii)* purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us or any third party software and software service providers hereunder As technology or software is developed in the future, we may, as we deem appropriate, require you to *(i)* add to your In Studio Technology Package memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and *(ii)* replace or upgrade your In Studio Technology Package and software as we prescribe There are no contractual limitations on the cost or frequency for updating or upgrading the In Studio Technology Package

The In Studio Technology Package will collect and compile customer identification data, other membership data, and door entry data We may independently access from a remote location, at any time, all information (including member information) input to and compiled by your In Studio Technology Package (including video surveillance equipment) or an off-site server

We estimate the purchase price for the In Studio Technology Package to be approximately $23,300 The estimated annual cost of any optional or required maintenance, updating, upgrading or support for the In Studio Technology Package is estimated to be approximately $3,000 to $4,000 per year over the ten-year term of the initial Franchise Agreement

Site Selection

Whether you are developing a single Studio or multiple Studios under our Market Accelerator Program, you will select the site for the related Studio within the Preliminary Designated Area that will be identified in the Summary Pages when you sign the Franchise Agreement You will identify a site within the Preliminary Designated Area (or if no sites are available in the Preliminary Designated Area, in proximity to it) for our approval In evaluating the site, we will consider the following factors demographics, visibility, ability to reflect image to be portrayed by YOGAFIT businesses, access and parking, and market type (rural, suburban, and urban) Within 15 days after you have submitted all requested information concerning the site, we will notify you whether or not the site is approved

If you are developing a single Studio, you must acquire a site for the Studio within 90 days after the Franchise Agreement is signed If you are developing three Studios under the Market Accelerator Program, you will sign all three Franchise Agreements and the Market Accelerator Agreement at the same time, and must acquire a site for the first Studio within three months after the agreements are signed, for the second Studio within six months from the date the agreements are signed, and for the third Studio within 15 months after the agreements are signed

Typical Length of Time Before You Open Your Studio

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately three to six months from the execution of the Franchise Agreement Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install equipment and signs, decorate the Studio, meet local requirements and other similar factors

If you are developing a single Studio, you must open the Studio for business within six months after you sign the Franchise Agreement If you are developing three Studios under the Market Accelerator Program, you will sign all three Franchise Agreements and the Market Accelerator Agreement at the same time, and must open the first Studio within six months after the agreements are signed, the second Studio within 12 months after the agreements are signed, and the third Studio within 18 months after the agreements are signed

If you fail to acquire an acceptable site or begin operations within the required time periods, we may terminate the Franchise Agreement or, at our election, may cancel any designated area protection afforded in the Franchise Agreement (Franchise Agreement, Sections 2B, 2C and 13C)

Manual

You must operate your YOGAFIT® Studios consistent with the required standards and specifications outlined in the Manual The Manual also may contain recommended practices, polices and guidelines that you may, but are not required to follow The Table of Contents and total number of pages for the Manual is included herein as Exhibit E In addition to the Manual, we also communicate operations information to franchisees through system bulletins and our online franchisee portal

We reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable state law

You are solely responsible for the hiring and discharging of your employees

INITIAL TRAINING PROGRAM

We will provide the following initial training to at least two people in your organization (including your general manager), which attendees must complete to our satisfaction The training is conducted at our headquarters and a designated Studio location of our choosing Our training program is four days and includes

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location	Instructor
Marketing / Staffing / Social Media / Lead Generation / Management /Sales Process	8	-	Chanhassen, Minnesota	See Note (1)

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location	Instructor
YogaFit Instructor Training	8	-	Chanhassen, Minnesota	See Note (1)
Creating the YogaFit culture-instructor development and studio management	10	5	Chanhassen, Minnesota and / or YogaFit Studio	See Note (1)
Software and Billing / Buildout and Studio Updates	4		Chanhassen Minnesota	See Notes (1)
	30	5		

Note

Initial training will be conducted by our training staff which is led by Meagan Mullaney and Jennifer Regenscheid Meagan joined Lift Brands in 2012 and has over 15 years of industry experience, including sales, marketing, and yoga Jennifer has been involved in yoga for a decade as a student, teacher, studio manager and multi-unit director

Other training staff includes our Brand Performance Specialist Team, Marketing Department personnel and Technical Support Team

The primary materials used in connection with the initial training program include the Manual, a training presentation, and other materials

Unless we agree in writing that you may designate someone else to attend training, you must complete this training program to our satisfaction within 30 days of signing your location lease If you have a general manager at the time you begin operations, he or she also must complete training to our satisfaction The program lasts approximately five days We do not charge for this training, but you must pay the travel and living expenses and supply costs for you and your employees Training will occur at our headquarters in Chanhassen, Minnesota and/or at the Studio we designate, prior to opening

The training is subject to change and may be offered by any of these personnel or by such individuals as we may designate from time to time who have experience related to specialized services or products that may be offered as part of the Studio

Periodically, we may offer additional training programs and we may charge a fee for attending these training programs We currently estimate this fee as $500 per attendee per day We have the right to require specific certification programs for Studio personnel who provide yoga or personal fitness instruction, teach any form of exercise, or provide any kind of fitness or nutrition instruction or counseling Each instructor must be certified and in full compliance with the then-current certification requirements which may include, but are not limited to, completing a RYT 200 certification, completing a YogaFit instructor training, and complying with all recertification or continuing education requirements You are responsible for ensuring that your instructors meet the required certification levels and complete any refresher or continuing education units as specified by us We may charge a fee which you must pay for providing certification-related courses and services You must also pay the travel and living expenses and supply costs for you and your employees

If you designate a new general manager after the initial training program, the new general manager must complete the training to our satisfaction We reserve the right to charge a fee to train any replacement general manager In addition, we may hold and require that your Principal Owner (this is, a person who owns a 25% or greater interest in the franchisee entity) and general manger or other designated employees attend, at your expense, any conference, meeting, convention or seminar to present new methods and programs for operation, training, management, sales or marketing, and we reserve the right to charge you a fee to attend any conference, meeting or convention we hold We also reserve the right to charge a fee if you fail to attend the annual convention

ITEM 12
TERRITORY

When the Franchise Agreement is signed, you will select a general geographic area in which you intend to operate your Studio ("Preliminary Designated Area") We generally will approve your selection unless we determine, in our sole judgment, it is unavailable for development under our current policies

Your Preliminary Designated Area will be identified on the Summary Pages of the Franchise Agreement If you sign three Franchise Agreements as part of the Market Accelerator Program, you will choose three locations and a Preliminary Designated Area will be identified on the Summary Page of each Franchise Agreement You must acquire a site for the Studio within the Preliminary Designated Area, provided that, if no sites are available in the Preliminary Designated Area, we generally will approve a site in proximity to the Preliminary Designated Area Once you have acquired the site, we will complete the Franchise Agreement to reflect the site (which will become the Studio's "Authorized Location") and to define your "Designated Area" around the Authorized Location If the site you acquire is within the Preliminary Designated Area, your Designated Area will be substantially the same as your Preliminary Designated Area in terms of size, shape or demographics Once defined in Attachment A and provided you are in compliance with the terms of your Franchise Agreement, your Designated Area will remain constant throughout the initial term of the franchise

A minimum Designated Area will consist of one city block and, in suburban and rural areas, may be as large as a three-mile driving distance from the anticipated location The actual size and boundaries of your Designated Area will depend upon a variety of factors, including the population base, density of population, growth trends of population, the density of residential and business entities, and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas

Unless approved by us, all membership sales must be made face-to-face, although you may solicit membership sales *within* your Designated Area by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis You may solicit, advertise and accept memberships online or outside your Designated Area only with our prior approval or according to our then-current policies There are no other restrictions on your right to solicit or accept memberships inside or outside of your Designated Area You may not sell merchandise or services through other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing

Even though you will have a Preliminary Designated Area and eventually a Designated Area, you will not receive an exclusive territory You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control During the term of this Agreement, however, neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate, a YOGAFIT Studio physically located in the Designated Area We and our affiliates have the right to develop and operate and grant others the right to develop and operate YOGAFIT Studios outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Studio

Certain locations are by their nature unique and separate in character from sites generally developed as YOGAFIT Studios ("Special Sites") These Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise Studios at these locations within or outside your Designated Area (1) military bases, (2) public transportation facilities, including, without limitation, airports, limited access highway travel plazas, and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) hotels, resorts or similar short-term lodging, (6) apartment or condominium complex, and (7) corporate office buildings or office parks

We and our affiliates also have the right to develop and operate, and grant others the right to develop and operate, fitness clubs and other businesses under a different trademark within and outside the Designated Area, which may be similar to or competitive with YOGAFIT Studios As described in Item 1, our parent, Snap Fitness, franchises the operation of fitness work-out facilities offering group fitness and personal training providing 24-hour keycard member access that do business under the trade name and service mark "SNAP FITNESS " Snap Fitness intends to grow this system through franchising and by developing new company-owned outlets Snap Fitness and franchisees operating under the SNAP FITNESS trademark will solicit memberships and otherwise compete with you in your Designated Area

We share our principal offices with Snap Fitness and may also share all or certain of Snap Fitness' training facilities There are no formal procedures in place for resolving conflicts between us and the franchisees of the SNAP FITNESS franchise system or between YOGAFIT franchisees and franchisees of the SNAP FITNESS franchise system regarding territory, customers, or franchisor support, although we are not anticipating that any conflicts will arise Snap Fitness will be responsible for fulfilling their contractual obligations to their franchisees and we will be responsible for fulfilling our contractual obligations to our franchisees

We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc , associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, or the Internet, or any other existing for future form of electronic commerce, which will likely include offering online member enrollment services through our web site)

We and our affiliates also have the right to develop and operate and grant others the right to develop and operate fitness studios and other businesses under a different trademark within and outside the Designated Area which may be similar to or competitive with YOGAFIT Studios

There are no restrictions on our rights to solicit or accept orders inside or outside of your Designated Area We are not required to compensate you for soliciting or accepting orders in the Designated Area

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency You do not have any right to sublicense or sub-franchise within or outside of the Designated Area You do not receive the right to acquire additional franchises within or outside of your Designated Area (although we may allow you to open another Studio if you sign another Franchise Agreement with us and meet our requirements)

If you fail to acquire a site for the Studio within the required time frame (specifically, 90 days after signing a Franchise Agreement for a single Studio, or longer periods for the second and third Studios developed under the Market Accelerator Program), instead of terminating this Agreement, we may eliminate the Designated Area protection and open that area for development by us or another franchisee If you participate in the Market Accelerator Program and fail to meet the deadlines for one or more Studios, we may eliminate the Designated Area protection for the remaining Franchise Agreements for Studios yet to be developed (but not for any Studio that is already open) We also may unilaterally modify your Designated Area upon renewal or if you transfer your franchise rights (see Item 17) Other than described above, we have no right to modify your territorial rights except by mutual written consent of the parties

You may relocate your Studio under certain circumstances and subject to our approval, and you must comply with any reasonable conditions we require, as is stated in Section 5 G of the Franchise Agreement

For example, if the reason to relocate is because of condemnation, destruction, or expiration or cancellation of your lease (other than your breach) you may relocate to a site acceptable to us that is in your Designated Area and does not infringe on the rights of any other YOGAFIT franchisee You must open the relocated Studio within 60 days after you discontinue operation of the existing Studio If you elect to voluntarily relocate you must give us notice of your intent at least 60 days prior to closing the existing Studio and procure a site within your Designated Area acceptable to us by no later than 15 days prior to closing the existing Studio, after which the relocated Studio must be open for business within 24 hours following the closing of the existing Studio You are responsible for all costs, including any reasonable costs we incur, related to the relocation

ITEM 13
TRADEMARKS

The Franchise Agreement licenses you to use the "YOGAFIT" service mark, as well as other trademarks, service marks, trade names and commercial symbols The following marks are registered with the U S Patent and Trademark Office

Trademark	Register	Registration Date	Registration Number
YOGAFIT	Principal	September 26, 1995	74533918
YogaFit	Principal	August 19, 2013	86042238
YogaFit	Principal	September 5, 2013	86057341

All required affidavits have been filed

We have the right to use the Marks under a license agreement dated August 23, 2013 with YogaFit Training Systems Worldwide, Inc and its founder (the "License Agreement") Our license is exclusive for live direct-to-consumer yoga classes and studios and non-exclusive for branded merchandise and apparel The License Agreement has an initial term of 15 years with unlimited automatic 10 year renewals The License Agreement may be terminated by us under certain early termination rights or upon a change in control or sale of assets and may be terminated by either party in the event of a material default In the event of termination, we may continue to use the marks during the following six month period, after which the System will transition to a new mark that we designate

Your use of the Marks and any goodwill is to our and our licensor's exclusive benefit and you retain no rights in the Marks You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing We may change the System presently identified by the Marks including the adoption of new Marks, new program offerings, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution You must comply, at your cost, within a reasonable time if we notify you to discontinue or modify your use of any Mark We will have no liability or obligation as to your modification or discontinuance of any Mark

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks Except the License Agreement, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the Marks

If there is any infringement of, or challenge to, your use of the Marks, you must immediately notify us, and we will take action that we deem appropriate We have the right to control all administrative proceedings and litigation involving the Marks The Franchise Agreement does not require us to take affirmative action if notified of the claim The Franchise Agreement also does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, pending patent applications, or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for the design elements of our Marks, and the content of our Manual, training materials, web site, and promotional and other materials

There are currently no effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including but not limited to the Manual Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material You must notify us immediately if you learn about an unauthorized use of proprietary information We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information You must comply with all changes to the Manual at your cost

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

During the term of the Franchise Agreement, you (if franchisee is an individual) or your general manager must devote sufficient time and best efforts to the management of the Studio You are expected to stay informed about our organizational plans, initiatives and direction by regular review of communications sent to you electronically or otherwise

You or your general manager must provide direct on-premises supervision to the Studio You and your general manager (if other than you) must complete our training course to our satisfaction The general manager need not have any equity interest in the franchisee or the business entity that owns or operates the franchise If your general manager fails to satisfactorily complete the training program, you may designate a different individual and you must notify us immediately We may request that you are present at the Studio for any inspection or evaluation we conduct

All officers, directors, members and all managers, instructors and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept If we so require, your managers, instructors and other employees receiving training from us must execute covenants not to compete in a form that we approve

Any individual or entity that holds, directly or indirectly, a 25% or greater equity interest in the franchisee must sign a personal guaranty We reserve the right to require additional guarantors based on the financial qualification or ownership structure of the proposed franchisee

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer at the Studio all of the products, equipment and services that we periodically require and you may not offer at the Studio any unapproved products or use the premises for any purpose other than the operation of the Studio We have the unlimited right to change the types of authorized services you may offer

If permitted by state and local law, you must be open for business every day of the week for 24 hours You may only solicit memberships to persons residing or employed in your Designated Area We or other franchisees may solicit memberships within your Designated Area (for example, if designated areas overlap) Unless we otherwise approve in writing, all membership sales must be made face-to-face, although you may solicit membership sales by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis within your Designated Area You may solicit, advertise and accept memberships online or outside your Designated Area only with our prior approval or in accordance with our then-current policies You may solicit and accept memberships within your Designated Area

We may periodically negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations ("National Accounts") You must provide the special terms and/or discounts to these National Accounts You are not otherwise limited in the customers to whom you may sell products or services

You may not install or maintain on the Studio premises any gaming, entertainment or vending machine without our prior written approval and you must agree to participate in any vending or media program we establish for the system

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise or Other Agreement	Summary
a	Length of the franchise term	Section 4A	Term is 10 years
b	Renewal or extension	Section 4B	Renewal for unlimited additional 10-year terms

	Provision	Section in Franchise or Other Agreement	Summary
c	Requirements for franchisee to renew or extend	Section 4B	You must give us written notice of your decision to renew at least six months but not more than 12 months before the end of the expiring term, you must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to you, including different fees and a different Designated Area, you must pay a renewal fee, you must have complied with the modernization requirements for your Studio, you are not in default and have satisfied your obligations on a timely basis, if leasing, you have written proof of your ability to remain in possession of the Studio premises throughout the renewal term and provide any then-required lease addendum, you comply with our training requirements, and you sign a release (provided that any release will not be inconsistent with any state law regulating franchising)
d	Termination by franchisee	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, and only if you give us written notice of the breach and allow at least 60 days' notice and opportunity to cure the breach and, if not cured, wait 90 days from the original notice of breach before terminating the Franchise Agreement
e	Termination by franchisor without cause	None	Not Applicable
f	Termination by franchisor with cause	Sections 13A and B	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations
g	"Cause" defined – curable defaults	Sections 13A and B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing, and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below

	Provision	Section in Franchise or Other Agreement	Summary
h	"Cause" defined – non-curable defaults	Sections 13A and B	Non-curable defaults include failure to acquire a site for the Studio within 90 days after the Franchise Agreement is signed, or to open the Studio for business within 180 days after the Franchise Agreement is signed, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of Studio, insolvency, unapproved assignments or transfers, convictions, intentionally understating or underreporting memberships or Gross Revenues, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Marks
i	Franchisee's obligations on termination/non-renewal	Sections 10D and 14A-C	Obligations include complete de-identification and payment of amounts due, assignment of your lease to us upon our demand, assignment to us of your telephone numbers, return of the Manual and proprietary materials, refunding members, and our right to purchase assets of the Studio (also see o and r below)
j	Assignment of contract by franchisor	Section 11F	No restriction on our right to assign
k	"Transfer" by franchisee – defined	Section 11A	Includes any transfer of your interest in the Franchise Agreement, in all or substantially all of the Studio assets, or in the business or any ownership change listed in Section 11A of the Franchise Agreement
l	Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval
m	Conditions for franchisor approval of transfer	Sections 11B-D	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transferee must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than the terms and conditions of our current Franchise Agreement and which may contain terms less favorable to the transferee, including different fees and a different Designated Area, applicable transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (provided release will not be inconsistent with any state law regulating franchising (also see r below)

	Provision	Section in Franchise or Other Agreement	Summary
n	Franchisor's right of first refusal to acquire franchisee's business	Section 11E	We can match any offer for your Studio assets and, in the case of a proposed stock sale, we can purchase your Studio assets at a price determined by an appraiser, unless you and we agree otherwise
o	Franchisor's option to purchase franchisee's business	Section 14B	Upon expiration or termination, we have the right to assume your lease for the Studio premises, to assume all membership contracts, to assume all telephone numbers used in connection with the operation of your Studio to assume all social media accounts associated with the Studio, and to purchase or designate a third party that will purchase all or any portion of the assets of your Studio, including the equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory Qualified appraiser(s) will determine price as described in the Franchise Agreement
p	Death or disability of franchisee	Section 11D	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is an existing franchisee, your spouse or your child, no transfer fee is required
q	Non-competition covenants during the term of the franchise	Section 10D	No direct or indirect involvement in the operation of any fitness business other than one authorized in the Franchise Agreement
r	Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement in a competing business for two years at the premises of the former Studio, within 10 miles of the former Studio, within any other franchisee's Designated Area, or within 10 miles of any other business or Studio using the System
s	Modification of agreement	Section 15B	No modifications generally, but we have the right to change Manual and the list of authorized trademarks We also have the right to define your Designated Area once you have acquired a site for the Studio
t	Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must first be submitted to mediation and, if not resolved by mediation, must be arbitrated in Minneapolis, Minnesota (subject to state law)
v	Choice of forum	Section 15I	Litigation must be in Minneapolis, Minnesota, except as restricted or prohibited by applicable state law regulating franchising (Refer to the state specific amendment to Franchise Agreement)

	Provision	Section in Franchise or Other Agreement	Summary
w	Choice of law	Section 15H	Minnesota law governs construction of the Franchise Agreement and the parties' relationship, except as restricted or prohibited by applicable state law regulating franchising (Refer to the state specific amendment to Franchise Agreement)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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

The following chart reflects a franchisee's projected revenues based on 175 memberships, 250 memberships and 350 memberships

	175 Memberships	250 Memberships	350 Memberships
Annual Membership Revenue Recurring(1)	$124,400	$177,800	$248,900
Pre-Paid and Punch Card Membership Revenue (2)	$48,400	$69,200	$96,800
Miscellaneous Revenue(3)	$6,800	$10,800	$15,300
Total Annual Operating Revenue	**$179,600**	**$257,800**	**$361,000**
Monthly Royalty	$9,000	$12,900	$18,100
National Marketing Fee(5)	$3,600	$5,200	$7,200
Website Fee	$400	$400	$400
Occupancy(4)	$50,400	$50,400	$50,400
FitnessOnDemand	$1,800	$1,800	$1,800
Technology Fee	$2,200	$2,200	$2,200
Miscellaneous Costs of Goods	$5,300	$8,400	$11,800

	175 Memberships	250 Memberships	350 Memberships
Payment Processing	$7,200	$10,300	$14,400
Insurance(6)	$1,600	$1,600	$1,600
Utilities, cable, phone/internet(7)	$18,000	$18,000	$18,000
Office Supplies and Repairs and Maintenance	$8,400	$8,400	$8,400
Advertising(8)	$9,000	$12,900	$18,100
Wages – instructors(9)	$48,600	$54,600	$70,200
Commissions(9)	$3,300	$5,400	$7,500
Total Annual Operating Expenses	**$168,800**	**$192,500**	**$230,100**
Gross Annual Operating Cash Flow (before manager wages)	**($10,800)**	**$65,300**	**$130,900**
Wages – Managers(9)	$36,000	$36,000	$36,000
Net Annual Operating Cash Flow (before taxes and debt retirement) (10)	($25,200)	$29,300	$94,900

These figures are only estimates of what we think you may earn Your individual results may differ There is no assurance that you will earn as much

Notes We rounded all revenues and expenses to the nearest $100 We based the revenue and expense projections on our experience with opening our affiliate's YogaFit studio (which opened in May 2014) and information reported to us by our franchisees The revenue numbers in this table assume a mature studio and that you collect membership fees for each active membership

As of February 28, 2018, we had six franchised YogaFit Studios that had operated for a period of at least 24 months Of these six franchised YogaFit Studios, the average number of memberships during the time period of March 1, 2017 to February 28, 2018 was 211 average memberships (181 median memberships, average memberships ranging from 110 to 445 memberships)

Note 1 Typical monthly membership fees are $69 to $89 for a single membership For purposes of the calculations of monthly recurring memberships above, we used an average membership rate of $79 and assume that 75% of the memberships sold are monthly recurring memberships You set your own membership prices (except National Accounts and certain promotional programs as described in Item 16) Membership rates may vary between studios Under the Franchise Agreement, we have the right in the future to establish maximum or minimum membership rates, subject to applicable law

We believe that it takes two years or more for a studio to reach its full membership potential By full membership potential, we mean the point at which membership is not likely to increase significantly based on length of operation, not that the studio has reached full capacity or break even

As of April 1, 2018, we had six franchisee-owned locations with at least 12 full months of operations and one with more than 24 months of operations Of those locations, the revenue for the 12 month period ending March 31, 2018 ranged from $50,631 to $307,198 We do not believe that any of these studios have reached full membership potential

Note 2 You may also sell pre-paid or punch card memberships For purposes of the calculation above, we assume that approximately 10% of membership revenue is for punch cards and 15% is pre-paid memberships These amounts may vary depending on your market competition and how you operate your business

Note 3 Miscellaneous revenue includes new member kits This amount will vary depending on how many new members join the Studio and whether the enrollment and access fees are reduced or waived You also may have other revenue from sale of merchandise, hosting yoga instructor training sessions and other miscellaneous revenue

Note 4 The recommended size of a studio is 1,400 to 2,400 square feet Our projection is based on gross rent of approximately $4,200 per month If your rent is higher or you choose to lease a larger space, your costs will be higher

Note 5 As of the date of this disclosure document, we have not yet implemented the national marketing fee However, we intend to implement it in the future and recommend you spend this amount on local marketing at this time

Note 6 The insurance cost is based on participation in the SAPP insurance program (see Item 8)

Note 7 These amounts may vary depending on your location and operations

Note 8 The amount for advertising and marketing is based on spending 5% of monthly membership revenue on marketing activities We generally recommend spending at least 4-6% of total revenue on marketing

Note 9 The amounts for instructor wages, commissions and manager wages include an estimated minimum of approximately 30 classes weekly, an hourly rate for yoga instructors, commissions on membership sales and a salary for a manager that works 30-35 hours per week at the studio If you manage the studio, you will not have manager wage expense (except the amount you pay or distribute to yourself) Your payroll expenses will vary depending on how you staff the studio, the payroll taxes, workers compensation expense in your state and any benefits you provide to your manager If you hire a general manager or operate in a state that requires additional staffing, your wage and payroll expenses could be significantly higher

Note 10 The amounts in the chart above do not include any estimate for tax payments or equipment lease or debt financing payments

Written substantiation for the financial performance representation will be made available to you upon reasonable request

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Studios 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 future income, you should report it to the franchisor's management by contacting Alison McElroy, CLO and SVP Strategic Relationships, YogaFit Franchising, LLC, 2411 Galpin Court, Suite 110, Chanhassen, MN 55317, 952-474-5422, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary for Years 2015 to 2017

Outlet Type	Year	Outlets at the Start Of the Year	Outlets at the End Of the Year	Net Change
Franchised Outlets	2015	1	10	+9
	2016	10	9	-1
	2017	9	12	+3
Company Owned	2015	1	1	0
	2016	1	1	0
	2017	1	1	0
Total Outlets	2015	2	11	+9
	2016	11	10	-1
	2017	10	13	+3

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor) for Years 2015 to 2017

State	Year	Number of Transfers
Arizona	2015	0
	2016	1
	2017	0
Totals	2015	0
	2016	1
	2017	0

Table No 3
Status of Franchised Outlets
for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Arizona	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
California	2015	0	2	0	0	0	1	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
Florida	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
	2017	2	1	0	0	0	0	3
Kansas	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Minnesota	2015	1	2	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	1	0	0	0	0	4
Oklahoma	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	1	0
Pennsylvania	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Texas	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
Total	2015	1	10	0	0	0	1	10
	2016	10	1	0	0	0	2	9
	2017	9	4	0	0	0	1	12

Table No 4
Status of Company-Owned Outlets
for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Minnesota	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Total (1)	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1

Note 1 In 2016, two franchise agreements were transferred to the franchisor before the locations opened

Table No 5
Projected Openings for Upcoming Fiscal Year as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	6	0	0
Kansas	2	0	0
Massachusetts	0	0	0
Minnesota	5	1	0
Missouri	4	0	0
Nevada	1	0	0
Pennsylvania	0	0	0
Texas	0	0	0
Total	18	1	0

Attached as Exhibit D are a list of YOGAFIT Studios as of December 31, 2017, and a list of franchisees who are in the process of opening Studios Exhibit D also includes a list of franchisees who have left the system within the last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document, and a list of corporate or affiliate owned locations as of the date of this disclosure document If you buy this franchise, your contact information may be disclosed to other potential franchisees of YOGAFIT when you leave the YOGAFIT system

In some instances, current and former franchisees sign confidentiality provisions restricting their ability to speak openly about their experience with us You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

We have not created, sponsored or endorsed any franchisee association, and we are not aware of any independent trademark-specific franchise associations in existence for the system

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit B are

(1) The audited balance sheets of YogaFit Franchising, LLC as of December 31, 2017 and 2016, and the related statements of operations and member's equity, and cash flows for the years ended December 31, 2017 and December 31, 2016

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts

Exhibit C - Sample Franchise Agreement and State Specific Addenda

Exhibit F - Sample General Release Agreement

Exhibit G - Sample Financing Documents

Exhibit H - Sample Fitness on Demand Agreement

ITEM 23
RECEIPTS

Attached to this Disclosure Document in Exhibit I are two detachable acknowledgments of receipt

EXHIBIT A-1
STATE ADDENDA TO DISCLOSURE DOCUMENT

STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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

Item 17 of the Disclosure Document is supplemented by the following

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

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

The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

The Franchise Agreement requires binding arbitration The arbitration will occur at Minneapolis, Minnesota This provision may not be enforceable under California law

The Franchise Agreement requires application of the laws of Minnesota This provision may not be enforceable under California law

Our website can be found at www yogafitstudios com OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

Item 5 of the Disclosure Document is supplemented by the following

Based on our audited financial statements and in accordance with the California Franchise Investment Law, the Department of Business Oversight has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of California To comply with this requirement we have posted a surety bond with the State of California in the amount of $122,500

FOR THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

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

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

Item 1 of the Disclosure Document is supplemented by the following paragraphs

The Illinois Physical Fitness Facility Medical Emergency Preparedness Act requires that a physical fitness facility (which excludes any facility serving less than 100 individuals or that does not employ any persons to provide instruction, training, or assistance for persons using the facility) have at least one automated external defibrillator (AED) and ensure that there is a trained AED user on staff and present during all staffed hours Other provisions apply See 815 ILCS 74 *et seq*

The Illinois Dance Studio Act (which applies to any person or business entity which contract with members of the general public to provide dance studio services, including instruction, training or assistance in dancing, the use of studio facilities, membership in any group formed by a dance studio, and participation in dance competitions or showcases) requires that every contract for dance studio services be in writing and its contents must conform to the Act's requirements The Act provides for contract execution, cancellation and refund Other provisions apply See 815 ILCS 610 *et seq*

Compliance with these requirements may cause you to incur additional expenses

Item 21 of the Disclosure Document is supplemented by the following

Based on our audited financial statements and in accordance with Section 200 500 of the Illinois Franchise Disclosure Act, the Illinois Attorney General's Office has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of Illinois To comply with this requirement, we have posted a surety bond with the State of Illinois in the amount of $61,250

FOR THE STATE OF MARYLAND

Item 5 of the Disclosure Document is supplemented by the following

Based on our audited financial statements and in accordance with the Maryland Franchise Registration and Disclosure Law, the Maryland Office of the Attorney General, Securities Division, has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of Maryland To comply with this requirement we have posted a surety bond with the State of Maryland in the amount equal to $61,250

Item 17 of the Disclosure Document is supplemented by the following

(a) Any release or waiver provision contained in the Franchise Agreement or any release required as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law")

(b) Any claims arising under the Maryland Franchise Law must be brought within three years after the grant of the franchise,

(c) Subject to your arbitration obligations, any provision in the Franchise Agreement requiring litigation in a forum outside the State of Maryland will not limit any rights you may have under the Maryland Franchise Law to bring suit in the State of Maryland

FOR THE STATE OF MINNESOTA

Item 13 of the Disclosure Document is supplemented by the following

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols ("Marks") or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

As required by the Minnesota Franchise Act, Minn Stat Sec 80C 12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim

Item 17 of the Disclosure Document is supplemented by the following

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 (1) a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld

Item 17 does not provide for a prospective general release of any claims against us which may be subject to the Minnesota Franchise Law Minn Rule 2860 4400D prohibits a franchisor from requiring a franchisee to assent to a general release

Minn Stat Sec 80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction Minn Rules 2860 4400J states that you cannot consent to us obtaining injunctive relief However, we may seek injunctive relief and a court will determine if a bond is required

Minn Statutes, Section 80C 17, Subd 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues

FOR THE STATE OF NEW YORK

Item 3, LITIGATION, of the Disclosure Document is supplemented by the following

Neither the Franchisor, its predecessor, nor a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark

A Has had 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, pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

B Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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 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

Item 4, BANKRUPTCY, of the Disclosure Document is supplemented by the following

Neither the franchisor nor its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of this Disclosure Document has

(a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code,

(b) obtained a discharge of its debts under the bankruptcy code, or

(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

Item 5, INITIAL FEES, of the Disclosure Document is supplemented by the following

The initial franchise fee will be deposited into our general business account and used for general business purposes

Item 17, RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION, is supplemented by the following

Section d, Termination by franchisee, is amended to state The franchisee or multiple unit developer may terminate the agreement on any grounds available by law

Section j, Assignment of contract by franchisor, is amended to state However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement

Section w, Choice of law, is amended to state The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the multiple unit developer by article 33 of the General Business law of the state of New York

FOR THE STATE OF NORTH DAKOTA

1 The Securities Commissioner for the State of North Dakota has held that the provisions stated below in (a) through (h) are unfair, unjust, or inequitable to North Dakota Franchisees (Section 51-19-09, N D C C) and may be unenforceable under North Dakota Law

(a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement,

(b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages,

(c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota,

(d) A provision requiring a choice of law contrary to the North Dakota Franchise Investment Law,

(e) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations,

(f) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury,

(g) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages, and

(h) A provision requiring the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement

2 North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law

3 The site of any mediation or arbitration of the parties' disputes shall be at a site mutually agreeable to all parties If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota

Item 5 of the Disclosure Document is supplemented by the following

> Based on our audited financial statements and in accordance with Section 51-19 of the North Dakota Franchise Investment Law, the North Dakota Securities Commissioner has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of North Dakota To comply with this requirement, we have posted a surety bond with the State of North Dakota in the amount of $61,250

FOR THE STATE OF RHODE ISLAND

Section 19-28 1-14 of the Rhode Island Franchise Act provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

FOR THE STATE OF SOUTH DAKOTA

Item 5 is supplemented by the following

> As a condition to becoming registered to offer and sell franchises in the state of South Dakota, we are required to hold the initial franchise fee, the YOGAFIT® GO FAST Kit fee, the Door Access, Security and Surveillance System fee, and the FitnessOnDemand™ System fee (individually and collectively the "Initial Fees"), in an escrow account Therefore, we will deposit and hold the Initial Fees in escrow until the Studio opens for business

FOR THE COMMONWEALTH OF VIRGINIA

Item 1 of the Disclosure Document is supplemented by the following

> Health spas in Virginia are regulated by the Department of Agriculture, Office of Consumer Affairs who can be reached at (804)786-1343

Item 17 of the Franchise Disclosure Document is amended as follows

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, Item 17 h of the Franchise Disclosure Document foi 9Round Fianchising, LLC, is supplemented by the following

> "Under Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without ieasonable cause If any ground foi default or teimination stated in the

franchise 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 "

FOR THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

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

Item 5 of the Disclosure Document is supplemented by the following

> Based on our audited financial statements and in accordance with the Washington Franchise Investment Protection Act, the Department of Financial Institutions has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of Washington To comply with this requirement we have posted a surety bond with the State of Washington in the amount of $100,000

FOR THE STATE OF WISCONSIN

Item 17 of the Disclosure Document is supplemented by the following

> For franchisees subject to the Wisconsin Fair Dealership Law, Ch 135, Stats , provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract

EXHIBIT A-2

LIST OF STATE ADMINISTRATORS

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

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

Indiana
Securities Commissioner
Indiana Securities Division
302 West Washington St , Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

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

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Attn Franchise Section
525 West Ottawa Street
G Mennen Williams Bldg , 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 208
St Paul, Minnesota 55101-2198
(651) 539-1600

New York
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8236 Phone
(212) 316-6042 Fax

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon
Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter St N E Labor & Industries Bldg, Rm 21
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Director of Department of Financial Institutions
Securities Division – 3rd Floor
150 Israel Road, S W
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703
(608) 266-3364

LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 W Washington Street Room E-111
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner
Maryland Division of Securities
200 St Paul Place
Baltimore, Maryland 21202-2021

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Attn Franchise Section
525 West Ottawa Street
G Mennen Williams Bldg , 1st Floor
Lansing, Michigan 48913

Minnesota
Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 208
St Paul, Minnesota 55101-2198

New York
Attention 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 Dept 414
Bismarck, North Dakota 58505

Oregon
Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter Street N E
Labor and Industries Building, Room 21
Salem, Oregon 97310

Rhode Island
Director, Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg 69-1
Cranston, Rhode Island 02920

South Dakota
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

Washington
Director of Department of Financial Institutions
Securities Division
150 Israel Road, S W
Tumwater, Washington 98501

Wisconsin
Administrator, Division of Securities
Department of Financial Institutions
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

EXHIBIT C

SAMPLE FRANCHISE AGREEMENT AND STATE- SPECIFIC ADDENDA

YogaFit®

Franchise Agreement Summary Page

Franchisee Information

Complete Business Name ______________________

Principal Owner(s)
(25% or more ownership direct or indirect)

Full Name	Percentage Interest
______________________	____ %
______________________	____ %
______________________	____ %
______________________	____ %

Additional Owners
(less than 25% ownership)

Full Name	Percentage Interest
______________________	____ %
______________________	____ %

Address for Notices (not a P O Box) ______________________

Telephone No ______________________

Facsimile No ______________________

Mobile Phone ______________________

Email Address ______________________

Preliminary Designated Area	Up to __ driving miles from ______________________ (cross-streets or address)
Initial Franchise Fee	$25,000
Royalty Fee	The greater of 5% of Gross Revenues or $500 per month*
National Marketing Fee	The greater of 2% of Gross Revenues or $100 per month*
Local Advertising Fee	The greater of 2% of Gross Revenues or $100 per month*
Website Fee	$30 per month*

*Subject to increase in accordance with increases in the Consumer Price Index

See Section 9 for additional fee information

To be completed by us

Effective Date ______________________

Franchise Number ______________________

Franchise Name ______________________

Authorized Location

____

____

TABLE OF CONTENTS

YOGAFIT® FRANCHISE AGREEMENT

This Franchise Agreement is made between YogaFit Franchising, LLC, a Minnesota limited liability company with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 ("**we**" or "**us**"), and the Franchisee identified in the Summary Pages ("**you**"), to be effective on the Effective Date identified in the Summary Pages

RECITALS

A We have developed a proprietary business format and system ("**System**") for operating a yoga studio ("**Studio**") featuring both live and virtual on-demand classes, automated member billing and collection procedures and services, and use of our proprietary and confidential information

B The System includes a distinct interior layout, design, décor, color scheme, graphics, fixtures and furnishings, operating and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques and procedures that we designate (collectively, the "**Standards**")

C Studios operating under the System are identified by the trade name and service mark "YOGAFIT" and other trademarks, service marks and trade identifiers that we and our affiliate designate to identify businesses operating under the System (the "**Marks**")

D The owner of the Marks has granted us a license to use and to sublicense the use of the Marks pursuant to a license agreement

E You have applied for the right to operate a Studio using the System and Marks, and we have approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Studio will be owned and operated

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

DEFINITIONS

1 For purposes of this Agreement

A "**Gross Revenues**" means the aggregate of all revenues derived from all goods and services sold by you from or relating to the Studio, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, that you in the normal and customary course of your operations would credit or attribute to the operation of a YOGAFIT Studio Gross Revenues do not include revenues received from (1) returns to shippers, vendors, or manufacturers, (2) sales of fixtures, furniture or equipment after being used in the conduct of the Studio, (3) insurance proceeds, or (4) the amount of any city, county, state or federal sales, luxury or excise tax on sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority by you

B "**Principal Owner**" means any person who directly or indirectly owns a 25% or greater interest in the franchisee when the franchisee is a corporation, limited liability company or a similar entity other than a partnership entity or any other person identified as a Principal Owner If the franchisee is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee Each franchisee must have at least one Principal Owner

C "**Owner**" means any person who directly or indirectly owns an interest in the franchise, including the Principal Owner(s)

D All capitalized terms not defined in this Section or the Recitals have the meaning given in the text of this Agreement

GRANT OF LICENSE

2 The following provisions control with respect to the license granted hereunder

A Grant of License We hereby grant you the right and license, and you undertake the obligation, subject to the terms and conditions of this Agreement *(i)* to operate a single YOGAFIT Studio, *(ii)* to sell at retail authorized products and services at and from the Studio premises, *(iii)* to use the Marks in connection with operating and promoting the Studio, and *(iv)* the right to solicit memberships in the Designated Area You may not solicit memberships online, in person or through advertising or other direct marketing method outside your Designated Area, except with our prior written approval and in strict accordance with our then-current policies and restrictions (which may include membership assignment policies)

The license granted by this Agreement does not include *(i)* any right to sell services and products identified by the Marks at any location other than the Authorized Location, (as defined in Section 2 B below), or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), catalog sales, telemarketing or other direct marketing *(ii)* any right to sell services and products identified by the Marks to any person or entity for resale or further distribution, or *(iii)* except for the designated area protection described in Section 2 C , any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned Studios at any time or at any location

B Authorized Location You must operate the Studio only at the location identified, or to be identified on the Summary Page (the "**Authorized Location**") If the Authorized Location is not known at the time this Agreement is signed, you must acquire an acceptable site for the Studio premises no later than 90 days from the Effective Date of this Agreement, at which time you authorize us to insert the Authorized Location on the Summary Page You must identify a site for the Studio that meets our site selection criteria and that is located within the Preliminary Designated Area identified in the Summary Page (see Section 5 A) You may not use the Studio premises or Authorized Location for any purpose other than the operation of a YOGAFIT® Studio during the term of this Agreement

C Designated Area The Preliminary Designated Area identified on the Summary Page, if any, is the general location where you intend to secure a site for the Studio If a Preliminary Designated Area is specified on the Summary Page, we will not grant anyone else the right to develop or operate a Studio in the Preliminary Designated Area for 90 days from the Effective Date of this Agreement Once the Authorized Location has been identified, you hereby authorize us to define in Attachment A a "**Designated Area**" around the Authorized Location, provided that such Designated Area will be substantially the same as the Preliminary Designated Area in terms of size, shape and/or demographics If the Authorized Location is not within the Preliminary Designated Area, the Designated Area will be defined by us based on our current criteria for size, demographics and topographical features Once defined in Attachment A, your Designated Area will remain constant throughout the initial term of this Agreement (unless you relocate the studio and upon renewal or transfer) During the term of this Agreement and provided you are in compliance with the terms of this Agreement neither we nor our affiliates will develop or operate, or grant to anyone else the right to develop or operate a YOGAFIT Studio that is physically located in the Designated Area (other than at Special Sites, as described in Section 2 D) You acknowledge and agree that we and our affiliates have the right to develop and operate and grant others the right to develop and operate YOGAFIT Studios outside the Designated Area, regardless of their proximity to the Designated Area or any negative impact they may have on your Studio We and our affiliates also have the right to develop and operate and grant others the right to develop and operate fitness studios and other businesses under a different trademark within and outside the Designated Area which may be similar to or competitive with YOGAFIT Studios You do not have any right to sublicense or sub-franchise within or outside of the Designated Area and under this Agreement you do not have the right to operate more than one Studio within the Designated Area without our prior written approval and must sign a separate Franchise Agreement for any additional Studio

D Reserved Rights We reserve to ourselves all other rights to use the System and Marks anywhere and in any manner including, without limitation, the right to offer, sell or distribute items such as training videos, equipment, athletic gear, etc , associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, the Internet, or any other existing or future form of electronic commerce), without compensation to any franchisee

You also acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as YOGAFIT Studios As a result, you agree that the following locations (**"Special Sites"**) are excluded from the Designated Area and we have the right to develop, license or franchise Studios within such locations (1) military bases, (2) public transportation facilities, including, without limitation, airports, limited access highway travel plazas, and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) hotels, resorts or similar short-term lodging, (6) apartment or condominium complex, and (7) corporate office buildings or office parks

TRADEMARK STANDARDS AND REQUIREMENTS

3 You acknowledge and agree that, as between you and us, the Marks are our property You further acknowledge that your right to use the Marks is specifically conditioned upon the following

A Ownership of the Marks The Marks are the valuable property of our licensor The owner of the Marks has granted us a license to use and sublicense the Marks pursuant to a license agreement As between you and us, we are the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Studio and of the business conducted at the Authorized Location that is associated with or attributable to the Marks Your use of the Marks will inure to our benefit and the benefit of our licensor You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights or our licensor's rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media

B Use of the Marks You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Studio except those listed in Attachment A or except as we otherwise direct in writing You may use the Marks only in connection with such services and products as we specify and only in the form and manner we prescribe in writing You must comply with all trademark, trade name and service mark notice marking requirements You may use the Marks only in association with services and products approved by us and that meet our standards or requirements with respect to quality, safety and performance You must refrain, and cause each Covered Person (as defined in Section 10 D 1) and each of your employees and independent contractors to refrain from making or publishing any remarks that disparage or derogate us, or the YOGAFIT brand This prohibition applies to oral remarks and remarks that are published in print, electronic and social media Your use of the Marks on the internet is governed by Section 6 K below A breach of your obligations under this Section 3 B is a material default under this Agreement

C Studio Identification You must use the name "YOGAFIT" as the trade name of the Studio and you may not use any other mark or words to identify the Studio without our prior written consent You may not use the word "YOGAFIT" or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity You may use the Marks on various materials, such as business cards, stationery and checks, provided you *(i)* accurately depict the Marks on the materials, *(ii)* include a statement on the materials indicating that the business is independently owned and operated by you, *(iii)* do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and *(iv)* make available to us, upon our request, a copy of any materials depicting the Marks You must post a prominent sign in the Studio identifying you as a YOGAFIT franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Studio and that the YOGAFIT Mark is owned by our licensor and your use is under a license we have issued to you

D Litigation In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we or YF Training will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark You must take reasonable steps, without compensation, to assist us and YF Training with any action we undertake We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement

E Changes You may not make any changes or substitutions to the Marks unless we direct in writing We reserve the right to change the Marks at any time Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense

TERM AND RENEWAL

4 The following provisions control with respect to the term and renewal of this Agreement

A Term The initial term of this Agreement will commence on the Effective Date and will expire at midnight on the last day of the month following the 10th anniversary of this Agreement unless this Agreement is sooner transferred in accordance with Section 11 or terminated in accordance with Section 13 Upon your written request, we may extend this initial term in writing for a limited period of time to correspond with the end of a calendar month

B Renewal Term and Conditions of Renewal You may renew your license for unlimited renewal terms (each renewal term is 10 years), provided that with respect to each renewal *(i)* you have given us written notice of your decision to renew at least six months but not more than 12 months prior to the end of the expiring term, *(ii)* you sign at least six months but not more than 12 months prior to the end of the expiring term, at our option either (a) our then-current form of franchise agreement, the terms and conditions of which may be materially different than the terms and conditions of our current franchise agreement and may reflect, among other things, different fees and advertising obligations and a modified Designated Area or (b) an instrument extending for the duration of the renewal term, all the covenants, conditions and provisions contained in this Agreement, *(iii)* you have complied with the provisions of Section 5 F regarding modernization and have agreed, in writing, to make such capital expenditures necessary to refurbish, replace and modernize your Studio so that it will conform to our then-current standards for Studios, *(iv)* you are not in default of this Agreement or any other agreement pertaining to the franchise, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing, *(v)* if leasing the Studio premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period, *(vi)* you comply with our then-current training requirements, *(vii)* you and your Principal Owners and guarantors execute a general release in a form we prescribe in favor of us and our affiliates and each company's respective present and former officers, directors, managers, and employees, provided, however, that such release will not be inconsistent with any state law regulating franchising, and *(viii)* a renewal fee of 10% of the then-current Initial Franchise Fee is due and payable to us at the time of signing the renewal Franchise Agreement provided that the renewal fee will be reduced to 5% if the renewal conditions are all completed six months prior to the end of the expiring term

C Interim Period If you continue to accept the benefits of this Agreement after the expiration of the initial term but do not complete the requirements in Section 4 B, then at our sole option, this Agreement may be treated as *(i)* expired as of the date of the expiration and you will be operating without a franchise or license to do so and in violation of our rights to the Marks and System, or *(ii)* continued on a month-to-month basis (an "Interim Period") and all your obligations will remain in full force and effect during the Interim Period as if the Agreement had not expired but the royalty fee that you must pay to us increases to two times the amount set forth in the Summary Pages Each Interim Period expires at the end of each calendar month unless this Agreement is continued as provided in this Section The Interim Period does not create any new franchise rights and upon expiration of the final Interim Period, you will be bound by all post-term obligations as provided in this Agreement

STUDIO STANDARDS AND MAINTENANCE

5 You acknowledge and agree that we have the right to establish, from time to time, required quality standards regarding the business operations of YOGAFIT Studios to protect the distinction, goodwill and uniformity symbolized by the Marks and the System Accordingly, you agree to maintain and comply with our required quality standards and agree to the following terms and conditions

A Site Selection You must identify a site for the Studio within the Preliminary Designated Area that meets our site selection criteria and that we have approved You must provide us notice of the site you have selected and we have 15 days to accept or reject the site If we do not accept the site within 15 days it will be deemed disapproved **The parties acknowledge and agree that our site approval is not an assurance that the Studio will achieve a certain sales volume or level of profitability, it means only that the proposed site meets our minimum site selection criteria We assume no liability or responsibility for *(i)* evaluation of the location's soil for hazardous substances, *(ii)* inspection of any structure for asbestos or other toxic or hazardous materials, *(iii)* compliance with the Americans with Disabilities Act ("ADA"), or (iv) compliance with any other applicable law It is solely your responsibility to obtain satisfactory evidence and/or assurances that the Studio premises (and any structures thereon) is free from environmental contamination and is in compliance with the requirements of the ADA and other applicable laws**

B Lease If you propose to occupy the Studio premises pursuant to a lease or sublease (**"Lease"**), the Lease may not prevent you from performing your obligations under this Agreement, and must permit us to exercise our rights pursuant to this Agreement We may condition our approval of a proposed site on the full execution of a Lease Amendment substantially in the form attached as Attachment E to this Agreement You must deliver to us a fully executed copy of the Lease as amended by the Lease Addendum within 10 days after its execution **The parties acknowledge and agree that our approval of a Lease does not mean that the economic terms of the Lease are favorable, it means only that the Lease contains the lease terms that we require**

C Construction, Future Alteration You must construct and equip the Studio in strict accordance with our current approved specifications and standards pertaining to equipment, signage, fixtures and design and layout of the building You must purchase from us or our affiliate all items contained in our YOGAFIT Start-up Kit, and pay us the then-current purchase price therefore in accordance with our then-current payment terms You may not commence construction of the Studio until you have received our written consent to your plans Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Studio *(i)* have prepared and submitted for our approval basic plans and specifications consistent with our general design and layout requirements as set forth from time to time in the manuals for a YOGAFIT Studio, *(ii)* purchase or lease and then use only the approved equipment, fixtures, furniture and signs, *(iii)* complete the equipment, fixtures, furniture and sign installation and decorating of the Studio in full compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations, *(iv)* obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the ADA, and *(vi)* obtain and maintain all required zoning changes, building, utility, sign permits and licenses and any other required permits and licenses It is your responsibility to comply with the foregoing conditions Any change to the plans or any replacement, reconstruction, addition or modification in the premises, interior or exterior decor or image, equipment or signage of the Studio made after our consent to the initial plans, whether at the request of you, us or a third party, may be made only with our prior written consent

D Opening You must open the Studio for business no later than 180 days from the Effective Date You may not open your Studio for business, however, until we have notified you in writing that you have satisfied your pre-opening obligations as identified in Sections 5 A and 5 B and we have approved your opening date We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date We also are entitled to injunctive relief or specific performance under Section 12 B for your failure to comply with your obligations Further, if you fail to open the Studio in the timeframe required by this Agreement, we may, in our sole and unilateral judgment, *(i)* exercise our termination rights in accordance with Section 13, or *(ii)* amend this Agreement to eliminate the Designated Area protection afforded by Sections 2 B and 2 C

E Maintenance The building (exterior and interior), equipment, fixtures, signage and trade dress employed in the operation of your Studio must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon our periodic evaluations of the premises Within a period of 30 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must affect the items of maintenance we designate, including the repair of defective equipment and items such as carpet and/or the replacement of irreparable or obsolete items of equipment and signage If, however, any condition presents a threat to members or to public safety, you must affect the items of maintenance immediately, as further described in Section 6 E If you fail to complete the required maintenance, we reserve the right (but have no obligation) to do so on your behalf and you must reimburse us for our costs and expenses

F Modernization From time to time as we require, you must modernize and/or replace items of the trade dress or equipment as may be necessary for your Studio to conform to the standards for similarly situated new YOGAFIT Studios For instance, we require that you modernize the Studio within five years of the Effective Date of this Agreement, which will include updates and improvements A transfer of any interest in this Agreement or your business governed by Section 11 or renewal covered by Section 4 is expressly conditioned upon your (or the transferee, as applicable) modernizing the Studio to conform to the standards for new YOGAFIT Studios You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Studio and to avoid deterioration in connection with the operation of your Studio If you fail to make any improvement or perform the maintenance listed above, we may, in addition to our other rights under this Agreement, effect such improvement or maintenance on your behalf and you must reimburse us for the costs we incur

G Relocation You may not relocate your Studio without our prior written consent If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, is reasonably suited for a Studio and does not infringe on the rights of any other YOGAFIT franchisee, provided that the new Studio is open and operating within 24 hours after you discontinue operation at the present Studio, all in accordance with our then-current standards If you voluntarily decide to relocate the Studio, your right to relocate the Studio will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Studio, have procured a site within your Designated Area that we accept 15 days prior to such closure, have opened the new Studio for business within 24 hours of such closure and complied with any other conditions that we reasonably require You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur Upon relocation of your Studio for any reason, we may modify your Designated Area, in our sole judgment, to take into account the designated areas of neighboring Studios and other factors

In the event your Studio is destroyed or damaged and you repair the Studio at the Authorized Location (rather than relocate the Studio), you must repair and reopen the Studio at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 20 days of the date of occurrence of the destruction or damage, or such longer time as we reasonably determine, in our sole judgment, is required given the nature and extent of the damage

We have the right to refuse to consent to relocation in the event you lose the right to occupy the Studio premises because of the termination of your lease due to your breach Further, the cancellation of your lease due to your breach is grounds for immediate termination under Section 13 B 2

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6 You must implement and abide by our requirements directed to enhancing substantial System uniformity The following provisions control with respect to products and operations

A Authorized Equipment You must use in the operation of the Studio only the proprietary or non-proprietary equipment that we specify in the Manuals or other written directives You must purchase, license, or lease all equipment we designate (including the security, digital media and Technology System described below) from our approved suppliers We will supply to you a copy of the current equipment list prior to opening of the Studio You acknowledge and agree that we may change the list periodically and that you are obligated to conform to the requirements Prior to opening your Studio to the public, you may seek our approval to add additional equipment at your location We may approve or disapprove your request to add additional equipment in our sole judgment You will not be allowed to open or operate the Studio with any unapproved equipment

B Authorized Products and Services, Memberships You may offer and sell only approved products and approved services in the Studio and must offer for sale the complete range of required products and required services as listed in the approved products and approved services lists, as we may amend from time to time You must maintain in stock an inventory of approved products sufficient to meet customer demand and as set forth in the Manual (as defined in Section 6 G) for operating a YOGAFIT Studio You may not offer, sell or supply any products or services which are not approved products or approved services (including products or services that we have withdrawn), without our prior written consent You must also conform to all quality and customer service standards we prescribe in writing

You must sell memberships (**"Memberships"**) only on such terms and conditions as we specify periodically All Memberships must be evidenced by a written or, if approved or required by us, electronic agreement (**"Membership Agreement"**) and all member and billing information must be promptly and accurately entered into the approved system according to our then-current policies You must use Membership Agreements that are based on our then-current standard form of Membership Agreement, with the exception, however, that there may be state and local laws that may require you to alter the membership agreement in the jurisdictions under which your Studio operates – you must abide by those laws You are solely and exclusively responsible for ensuring that the Membership Agreements you use in connection with the operation of your Studio comply with all applicable laws and regulations Any changes to the form document must be approved in writing by us The Membership Agreement must include *(i)* a reciprocity provision consistent with our then-current reciprocity policy, *(ii)* a waiver and release of us and our affiliates and *(iii)* a statement identifying the Studio as an independently-owned franchised location You must permit members of other YOGAFIT Studios or affiliated fitness centers to use your Studio under such terms and conditions as we may state in writing from time to time All Membership Agreements and all billings of any type must be processed through us and our approved processing system

You may only solicit memberships within your Designated Area (unless otherwise authorized by us as stated below) We or other franchisees may solicit memberships within your Designated Area (for example, if designated areas overlap) Unless approved in writing by us, all Membership sales must be made face-to-face, although you may solicit membership sales by mail, telemarketing (so long as you abide by the no-call lists) or other non-face-to-face basis *within* your Designated Area You may solicit, advertise and accept Memberships online or outside your Designated Area only with our prior written approval or in accordance with our then-current policies We have the right to prohibit or cancel Memberships you sell that will expire beyond the expiration date of your Term or any exercised renewal term You are responsible for all refunds or liabilities to your members due to the cancelation of Memberships as provided in this paragraph You must execute the Membership Contract Assignment Agreement in the form attached at Attachment G

C Approved Supplies and Suppliers We will furnish to you from time to time lists of approved supplies or approved suppliers You must only use approved equipment, products, fixtures, signs, advertising materials, trademarked items and other items (collectively, "approved supplies") in the Studio as listed in the approved supplies and approved suppliers lists, as we may amend from time to time Although we do not do so for every item, we have the right to approve the manufacturer of approved supplies You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source You will pay the then-current price in effect for approved supplies you purchase from us or our affiliates All inventories, products, operating forms, materials and other items and supplies used in the operation of the Studio must be purchased from approved suppliers and any items not included on the approved supplies or approved suppliers list must conform to the specifications and standards we establish from time to time ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED TECHNOLOGY SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS

D Technology System You must purchase and use any technology system that we develop or select for the Studio or System, including all future updates, supplements and modifications (the "**In Studio Technology Package**") The In Studio Technology Package may include all hardware and software used in the operation of the Studio, including *(i)* all computer hardware and related accessories and peripheral equipment for video surveillance, virtual class instruction, digital media and telephone systems, *(ii)* the billing, electronic point-of-sale cash registers, Studio management and back office programs used to record, analyze and report sales and Studio operations Requirements for use may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections, and establishment of one or more e-mail accounts

You must *(i)* use any proprietary software programs, system documentation manuals, and other proprietary materials that we provide to you in connection with your operation of the Studio, *(ii)* input and maintain in your computer such data and information as we prescribe in the Manual and other written directives, *(iii)* purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed by us, our affiliate or any third party software and software service providers thereunder

You acknowledge that we may independently access from a remote location, at any time, all information input to and compiled by your In Studio Technology Package (including video surveillance equipment) or an off-site server, including Member Information (as defined in Section 6 H below)

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, we may, in our sole judgment, require you to *(i)* add to your In Studio Technology Package memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and *(ii)* replace or upgrade your In Studio Technology Package and software as we prescribe

We reserve the right to designate a single source from whom you must purchase the In Studio Technology Package, including video surveillance equipment It is your responsibility to make sure you are in compliance with all laws that are applicable to the In Studio Technology Package, including all data protection or security laws

E Evaluations We or our authorized representative have the right to enter your Studio at all reasonable times when the Studio is open to the public for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your premises, equipment and member satisfaction Our inspections and evaluations may include a "mystery shopper" program If we determine that any condition in the Studio presents a threat to members or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Studio until the situation is remedied to our satisfaction Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operations or to assume any of your obligations under this Agreement

F <u>Period of Operation</u> Subject to any contrary requirements of state or local law, your Studio must be opened to the public and operated 24 hours each day of the year Any variance from this provision must be authorized by us in writing You acknowledge and agree that if your Studio is closed for a period of two or more consecutive business days or five or more business days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement

G <u>Operating Procedures</u> You must adopt and use as your continuing operational routine the required standards, procedures, methods of operation and management and security systems described in our operations manual or other written directives, including, but not limited to, system newsletters or bulletins that may be sent to all franchisees from time to time (collectively, "**Manual**") We will revise the Manual and these standards and systems periodically to meet changing conditions of operation and we will send out system newsletters and bulletins from time to time

The Manual at all times is our sole property You must at all times treat the Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential You will be required to sign a confidentiality agreement at the time of access We may from time to time revise the contents of the Manual and you expressly agree to comply with each new or changed requirement You acknowledge and agree that the Manual and other system communications may only be available on the Internet or other online or computer communications

H <u>Confidential Information</u> You may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the Studio For purposes of this Agreement, "**Confidential Information**" means and includes, without limitation, all member information and information concerning prospective and former members (collectively, "**Member Information**"), and all proprietary information contained in the Manual or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Studio You hereby acknowledge and agree that all Confidential Information, including Member Information, belongs exclusively to us You and each Principal Owner agree to maintain the confidentiality of all Confidential Information, including Member Information, not to duplicate any materials containing Confidential Information, including Member Information, and not to divulge any Confidential Information, except to other franchisees and to your employees and professional advisors on a need to know basis You may use the Confidential Information, including Member Information, only for the purpose of operating the Studio This provision will survive expiration of this Agreement

You must cause your general manager and any employee with access to Confidential Information, including Member Information, to sign a nondisclosure and confidentiality agreement in a form satisfactory to us You must provide a copy of each such agreement to us to us upon our request

I <u>Compliance with Standards and Specifications, Participation in Joint Advertising Campaigns and Endorsements</u> You further agree to comply with all required System specifications, standards and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, function, cleanliness, operation and promotion of a YOGAFIT Studio including, without limitation *(i)* sales and marketing procedures and customer service, *(ii)* advertising, promotional and charitable programs, *(iii)* member loyalty and rewards programs or gift card programs, *(iv)* layout, decor and color scheme of the Studio, *(v)* appearance and dress of employees, *(vi)* safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Studio, *(vii)* submission of requests for approval of brands of products, supplies and suppliers, *(viii)* use and illumination of signs, posters, displays, standard formats and similar items, *(ix)* use of audio equipment and type and decibel levels of music, *(x)* use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements), *(xi)* types of fixtures, furnishings, and equipment, and *(xii)* the make, type, location and decibel level of any game, entertainment or vending machine (and restrictions against the use of gaming, entertainment or vending machines)

From time to time, we and our affiliates also may participate in and require your participation in joint advertising campaigns and endorsement of third party products or services (which participation may include, among other things, broadcasting audio-visual advertising on in-studio televisions or computer monitors and/or placing promotional items at prescribed locations throughout the Studio) You agree to participate in all such campaigns and endorsements according to our directives, provided that we will provide you all promotional items necessary for participation free of charge You further acknowledge and agree that we or our affiliates may receive revenue, and may retain all revenue received, on account of your participation and other franchisee's participation in such campaigns and endorsements

Any required standards exist to protect our interests in the System and Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you The required standards generally will be set forth in the Manual or other written materials The Manual also will include guidelines or recommendations in addition to required standards In some instances, the required standards will include recommendations or guidelines to meet the required standards You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards In other instances, no suitable alternative may exist In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines

J Compliance with Law, Licenses and Permits You have an obligation, both prior to and after purchasing the franchise, to review the laws of the area in which you will be operating to determine what statutes, regulations, ordinances, or other laws may have an impact on your ability to operate the franchise We are not responsible for reviewing the laws, and we make no representation or warranty (express or implied) that the System we have developed complies with the laws of your particular area You represent and agree that you have conducted a review of the potentially-applicable laws and that you have provided to us, in writing, a statement of all legal issues that you feel may have a significant impact on your ability to follow the system or to operate your business You must at all times maintain your premises and conduct your Studio operations in compliance with all applicable laws, regulations, codes and ordinances including, without limitation, *(i)* all governmental regulations relating to sales, advertising and membership cancellation rights of health club memberships, and all bonding requirements, and *(ii)* all applicable laws pertaining to the privacy of consumer, employee and transactional information (**"Privacy Laws"**) If there is a conflict between our standards and policies and actual applicable law, you must comply with the requirements of applicable law, immediately give us notice of said conflict and promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies within the bounds of applicable law You must secure and maintain in force all required licenses, permits and certificates relating to your Studio You must not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent You must immediately notify us in writing of any claim, litigation, proceeding or complaint (whether from individuals or governmental agencies) that arises from or affects the operation or financial condition of your YOGAFIT business or Studio As between you and us, you are solely responsible for the safety and wellbeing of your employees and the customers of the franchise business

K Participation in Internet Web Sites or Other Online Communications You must, at your expense, participate in our YOGAFIT web site, any intranet or extranet system we may develop or other online communications as we may require (the current website fee for the website and intranet use is listed on the Summary Page of this Agreement) We have the right to determine the content and use of our web site and any intranet or extranet system we may develop and will establish the rules under which franchisees may or must participate You may not use the Marks or any part or derivative thereof on the internet, except as we expressly permit in writing and as authorized by our then-current policies Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name or as part of any unauthorized e-mail address, and may only register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, TWITTER or INSTAGRAM) in accordance with our then-current policies You also may not display on any website (including commercial websites, gaming websites, and social networking websites) any of our copyrighted or proprietary works, which include the design portion of our Marks, or any collateral merchandise identified by the Marks We retain all rights relating to our web site and any intranet or extranet system we may develop and may alter or terminate our web site, intranet or extranet system Your general conduct on our web site, intranet and extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement You acknowledge that certain information related to your participation in our web site, intranet or extranet system may be considered Confidential Information, including access codes and identification codes Your right to participate in our web site, intranet and extranet system, or otherwise use the Marks or System on the internet or other online communications, will terminate when this Agreement expires or terminates

L <u>System Modifications</u> You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and other changes as we deem appropriate This right includes, but is not limited to, the right to introduce new products and services You must comply with these modifications, additions or rescissions at your expense, subject to the express limitations listed in this Agreement

You must operate your Studio in strict compliance with all applicable laws and with the required standard procedures, policies, rules and regulations established by us and incorporated herein or in the Manual or in YOGAFIT system bulletins or other publications that are distributed to franchisees from time to time Such required standard procedures, policies, rules and regulations established by us may be revised from time to time as circumstances warrant, and you must comply with all such required procedures as they exist from time to time as though they were specifically listed in this Agreement and when incorporated in a system bulletin or other written notice to franchisees, the same is incorporated herein by reference These required standard procedures, policies, rules, and regulations may include operational matters, advertising or marketing matters, membership issues, relationships between you and other franchisees, accounting issues, and any other issues that we believe, in our business judgment, are required to generally benefit the YOGAFIT System and its franchisees

M <u>Suggested Pricing Policies</u> We reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable law Unless stated otherwise in writing, any list or schedule of prices we furnish you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us

N <u>National Accounts</u> From time to time we will negotiate contracts with corporations, affinity groups and insurance plans that will require that certain terms and/or discounts be offered to members of that corporation, affinity group or insurance plan by all franchisees at all locations (**"National Accounts"**) You are required to provide the special terms and/or discounts to these National Accounts

O <u>Member Administration</u> We or an affiliate may from time to time engage in administrative tasks related to member administration such as administering the membership transfer, online enrollment, and reciprocity programs You agree that we may take those actions in accordance with our then-current policies, which may include transferring members to and from your Studio and providing on-line member enrollment You agree that we may make such corrections as necessary, including that if a member is mistakenly transferred to the wrong Studio, we may issue credits and charges for the membership dues to the affected Studios Any actions we take for member administration are for the benefit of the brand and uniformity in the System and not to exercise control over your business

PERSONNEL AND SUPERVISION STANDARDS

7 The following provisions and conditions control with respect to personnel, training and supervision

A <u>Supervision</u> You must insure that the Studio is operated in accordance with the terms and conditions of this Agreement If you employ a general manager, he or she must attend and successfully complete all required training, as listed in Sections 7 B and C

B <u>Training</u> You must, at your expense, comply with all of the training requirements we prescribe for the Studio to be developed under this Agreement If you employ a general manager, he or she also must comply with all training requirements Specifically, prior to opening, you must attend our initial training program and complete the training to our satisfaction In the event you are given notice of default as described in Sections 13 A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, at your expense, comply with the additional training requirements we prescribe Any new general manager must comply with our training requirements within a reasonable time as we specify Under no circumstances may you permit management of the Studio's operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require

C <u>Ongoing Training</u> We may require you and other key employees of the Studio to attend, at your expense, ongoing training at our training Studio, the Authorized Location or other location we designate Beyond our initial training program, you must pay our then-current training fee for all training we conduct for you

D <u>Staffing</u> No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System and Marks in any way shifts any employee or employment related responsibility from you to us You acknowledge that you are an independent business and responsible for control and management of your Studio, including, but not limited to, the hiring, discharging, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervisor and disciplines of employees, regardless of whether you receive advice from us on these subjects You acknowledge that we have no power, responsibility or liability for personnel decisions regarding your employees

E <u>Attendance at Meetings</u> Unless we approve otherwise, you and your manager must attend all quarterly sales and operations meetings and annual franchise conventions we may hold or sponsor, and we reserve the right to charge you a fee to attend any franchise convention or meeting we hold or sponsor If you are not able to attend a meeting or convention, you must notify us prior to the meeting and we may mandate that you substitute a person acceptable to us to attend on your behalf If you fail to attend a franchise convention or meeting we reserve the right to charge you our then-current non-attendance fee

F <u>Instructor Certification</u> We have the right to have and develop certification requirements for Studio personnel who provide yoga or personal fitness instruction, teach any form of exercise, or provide any kind of fitness or nutrition instruction or counseling You are responsible for ensuring that your instructors meet the required certification levels and complete any refresher or continuing education units as specified by us

MARKETING

8 You agree to actively promote your Studio, to abide by all of our advertising requirements and to comply with the following provisions

A <u>National Marketing Fee</u> You must pay us each month a National Marketing Fee in the amount set forth in the Summary Pages We will deposit the National Marketing Fee in the Marketing Fund that we manage We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of *(i)* preparing and conducting print, point-of-sale, radio, television, internet, electronic, out-of-home, and billboard advertising, *(ii)* conducting e-commerce website activities, *(iii)* updating and hosting a website (including the development of locator programs), *(iv)* providing market intelligence through analytics to the System, *(v)* conducting member interviews, focus groups and surveys, *(vi)* providing creative development services including the development and modification of Studio design and trade dress, logos, graphics and vehicle wraps, *(vii)* obtaining sponsorships and endorsements, *(viii)* developing and conducting contests, sweepstakes and other prize promotions, *(ix)* developing and administering member loyalty programs, coupons and gift certificates, *(x)* engaging advertising and marketing agencies and public relations firms, and *(xi)* any other expenses for developing and promoting the brand or System We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising and marketing cooperatives and for use in each franchisee's local market In certain markets, we may assist a franchisee with its initial advertising and promotional activities to increase brand awareness We have an in-house marketing staff that assists in developing and placing national, local and regional advertising and other matters We also contract with various outside advertising and marketing agencies and third party vendors to produce certain advertising and promotional materials and to create and implement public relations campaigns We will determine the use of the monies in the Marketing Fund We are reimbursed for reasonable administrative costs, salaries and overhead incurred in administering or providing services to the Marketing Fund

B Local Advertising Expenditures and Approved Materials You must use your best efforts to aggressively promote and advertise the Studio in your local area, and participate in any local marketing and promotional programs that we establish from time to time, including but not limited to any in-Studio marketing or promotions we may choose to run (subject to applicable law) In addition to the National Marketing Fee payable to us, you must spend at least 2% of your annual Gross Revenues on local advertising in accordance with our standards and specifications Upon our request, you must provide us with itemization and proof that you are conducting advertising and marketing and also provide an accounting of the monies that you have spent for approved local marketing If you fail to spend at least 2% of your annual Gross Revenues on local advertising we reserve the right to collect any deficiency from you and deposit the amount in the Marketing Fund You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe Furthermore, any promotional activities you conduct in the Studio or on its premises are subject to our approval We will not unreasonably withhold approval of any sales promotion materials and activities, provided that they are current, in good condition, in good taste, adhere to brand standards, dignified, and accurately depict the Marks (any use of the Marks, or a new variation you propose to the Marks, without our prior written approval is prohibited)

C Local Marketing Fund and Advertising Cooperatives

We may also, at our option, designate any geographic area in which at least two YOGAFIT Studios are located as a "designated advertising area" for the purposes of establishing a local marketing fund that we control ("**Local Marketing Fund**") or local or regional advertising cooperative controlled by majority vote of its members ("**Cooperative**"), and we may require you to contribute to a Local Marketing Fund and/or Cooperative, as provided in this paragraph Any amount contributed to a Local Marketing Fund or Cooperative will be in addition to, and not in lieu of, the National Marketing Fee described above We have the right to determine the amount of contribution, in our sole judgment, provided that aggregate monthly contributions will not exceed the greater of *(i)* 2% of Gross Revenues per month, or *(ii)* $100 per month If, however, a Cooperative chooses to contribute a greater amount and the amount is approved by a two-thirds majority of the members of the Cooperative, you must contribute such amount Any contribution you make to a Local Marketing Fund or Cooperative will count towards the minimum local advertising expenditures outlined in Section 8 B

If established, you must participate in any Local Marketing Fund and/or Cooperative formed to serve the geographic area in which the Studio is located, and must promptly execute all participation documents that we require For Cooperatives only, each Studio in the Cooperative will have one vote Each Cooperative will be required to adopt governing bylaws that meet our approval We will provide each Cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph Cooperatives must submit to us their meeting minutes on our request All Cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation Each Cooperative must use only the approved media buyer and advertising agency The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative We reserve the right to administer the Cooperatives' funds and require payment from its members via electronic funds transfer The members of each Cooperative and their elected officers will be responsible for the administration of the Cooperative We have the right to require Cooperatives to be formed, changed, dissolved, or merged

D Sponsorships and Partnerships You may not enter into any sponsorship agreements or arrangements or any marketing partnerships without our prior written consent

E Grand Opening You must conduct an initial promotional campaign in accordance with our standards and specifications which includes a required minimum of $4,000 spent on advertising and marketing of your Studio within the first 60 days of business operations

FEES, REPORTING AND AUDIT RIGHTS

9 You must pay the fees described below and comply with the following provisions

A Initial Franchise Fee Upon execution of this Agreement you must pay us an initial franchise fee in the amount set forth on the Summary Page The initial franchise fee is deemed fully earned upon payment in consideration for our expenses incurred and services rendered in granting you the franchise and is non-refundable

B Royalty Fee In addition to the Initial Franchise Fee, in consideration of the rights granted to you, you must pay to us a Royalty Fee in the amount set forth in the Summary Pages throughout the term of this Agreement

C Door Access Cards You will purchase door access cards at the then-current price (currently, $5 00 per card)

D Additional Member Services We may periodically change or provide additional member services as technology and member demands evolve You agree to participate in our future member service initiatives and to pay the applicable fees at the then-current rates For example, we reserve the right to charge a $30 per month for our member engager services or a $15 per enrollment online acquisition fee

E CPI Adjustment All fees under this Agreement, unless calculated as a percentage of sales, are subject to adjustment based on any increase in the Consumer Price Index (meaning the annual average of the Consumer Price Index for All Urban Consumers, Other goods & services, 1982-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor) If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as we select will be used Fees will be changed no more than once per year The increase will be based on the increase in the Index from January 1, 2018 to January 1 of any following year or the previous CPI adjustment

F Computations and Remittances Unless otherwise stated in this Agreement, all fees are due and payable by the fifth day of the month (or such other day we designate) following the month for which the fee is calculated We reserve the right to collect fees based on Gross Revenue more frequently than monthly (for example, weekly) You may not withhold payment of any amounts owed to use and hereby waive any and all existing and future claims and offsets against any amounts due under this Agreement Notwithstanding any designation by you, we will be entitled to apply your payments against any amounts due to us We also may set off any amounts that may be held by us or our affiliates on your behalf or owed to you by us or through our affiliates against amounts you owe to us or our affiliates

G Method of Payment You must make payments to us and our affiliates by electronic funds transfer or such alternative methods as we may designate You must execute and deliver to us, our bank and your bank, as necessary, all forms and documents that we request to permit us to use any payment method we designate, including the electronic transfer of funds authorization attached as Attachment D You must comply with all procedures we specify from time to time, and take such reasonable action as we request to assist in any of the payment methods Specifically, you agree that upon notice by us, all payments to us and our affiliates may be deducted from the monies your billing and payment processor collects on your behalf and you hereby authorize the billing and payment processor to deduct such amounts and to pay those amounts to us on the due date of such amount You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed to us when due and must notify us at least 20 days before closing or changing the account against which such debits are to be made You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section

H Interest Charges Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual

I Financial Planning and Management You are responsible for keeping your own general accounting books We may periodically request financial information, including but not limited to, a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, membership and purchase records, invoices, inventories, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Studio operations You must allow us electronic and manual access to any and all records relating to your Studio

J Reports and Audit In the event of an audit, you must verify the accuracy of the Membership numbers on the 5th day of each month for the preceding month and all information concerning your Gross Revenues Within 10 days after the request, you must submit to us a report with respect to our request in the form and content as we periodically prescribe The report must include, but not be limited to, the following information for the preceding month (i) number of Membership sales, and (ii) Gross Revenues summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items We may also request, at your expense, that you submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, including all adjustments necessary for fair presentation of the financial statements You must certify all reports to be true and correct You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirements on our other franchisees If any audit determines that you have understated your Gross Revenues or your Membership level by more than 2%, you must pay us all costs of the audit plus interest on the amount due to us at 18% per annum or the highest rate allowed by law, whichever is less

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Studio are kept and to evaluate, copy and audit such books and records In addition, upon our request, you must provide us the current information regarding the name and telephone number of the landlord, lender or vendors and suppliers for the Studio You agree that we have the right to communicate with the landlord, lender and other vendors related to your operation of the Studio regarding the Studio or any default by you under an agreement with the landlord, lender or vender You hereby authorize the landlord, lender and any vendor associated with your Studio to communicate with us and provide us information regarding the Studio

K Attorneys' Fees and Costs You must reimburse us for all attorney's fees, costs, interest and expenses we incur *(i)* to enforce the terms of this Agreement or any obligation owed to us by you and/or your Owners, and *(ii)* in the defense of any claim you and/or your Owners assert against us upon which we substantially prevail in court, arbitration or other formal legal proceedings

L Taxes If any taxes, fees, or assessments are imposed on any royalties or any other fees payable under this Agreement by reason of us acting as franchisor or licensing the Marks or the System under this Agreement (for example, sales tax), you will reimburse us the amount of those taxes, fees, or assessments within 15 days after receipt of our written notice to you

YOUR OTHER OBLIGATIONS, NON-COMPETE COVENANTS

10 You agree to comply with the following terms and conditions

A Payment of Debts You agree to pay promptly when due *(i)* all payments, obligations, assessments and taxes due and payable to us and our affiliates, suppliers, lessors, federal, state or local governments, or creditors in connection with your business, *(ii)* amounts related to all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Studio or business, and *(iii)* all accounts and other indebtedness of every kind incurred by you in the conduct of the Studio or business In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment

B Indemnification You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Studio You must fully protect, indemnify and hold us and our owners, directors, officers, successors and assigns, our licensors, and our affiliates harmless from and against any and all actions, suits, proceedings, investigations, claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Studio (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred Further, it is the intention of the parties to this Agreement that we must not be deemed a joint employer with you for any reason If we incur any cost, loss or damage as a result of any actions or omissions of you or your employees, including that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss

C Insurance You must maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Studio Such insurance must include, at a minimum *(i)* special/causes of loss coverage forms, including mechanical breakdown (previously called "All Risk coverage") on the Studio and all fixtures, equipment and other property used in the operation of the Studio, for full repair and replacement value of the equipment and improvements, *(ii)* business interruption insurance covering a minimum 12 months loss of income, written on an actual loss sustained basis, including coverage for our Royalty Fees with us named as a loss payee with respect to those fees, *(iii)* comprehensive general liability insurance with minimum limits of at least $1,000,000 per occurrence and $2,000,000 aggregate (including product liability and personal and advertising injury), *(iv)* "Per Location" aggregate limits when multiple Studio locations are insured under one comprehensive general liability policy, *(v)* automobile liability insurance, including owned, hired and non-owned vehicle coverage with a minimum combined single limit of at least $1,000,000 per claim, *(vi)* workers' compensation and employer's liability insurance covering all of your employees, *(vii)* professional liability insurance, including abuse and molestation with a minimum limit of at least $1,000,000 per occurrence, *(viii)* Commercial Umbrella Liability of at least $10,000,000 per occurrence and $10,000,000 aggregate, *(ix)* cyber liability with minimum limits of at least $25,000 per occurrence, *(x)* medical expense coverage of $1,000 per accident, *(xi)* crime (employee dishonesty, theft and robbery) with minimum limits of at least $10,000 per occurrence, *(xii)* employment practices liability insurance, *(xiii)* YogaFit Franchising, LLC and any entity with an insurable interest that we designate (the "**Additional Named Insureds**") must be an additional insured on all liability policies required by this subparagraph to the extent each has an insurable interest, *(xiv)* each policy of insurance maintained pursuant to this Agreement must contain a waiver of subrogation in favor of the Additional Name Insureds, and *(xv)* any other such insurance coverage's or amounts as required by law or other agreement related to the Studio

All insurance policies must be written by an insurance company or companies satisfactory to us (generally, companies with an AM Best rating of A- or better) You must participate in the current and any future insurance plan we establish for the benefit of the System and pay all required premiums due there under, unless we agree otherwise in writing

The required insurance coverage must commence as of the date the building lease or building purchase agreement has been signed for your Authorized Location You must deliver to us at commencement and thereafter annually or at our request a proper certificate, endorsement, or other documentation as we require evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph The insurance certificate or endorsement must show all required Additional Named Insureds (as noted in (xii) and (xiii) above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy We also may request copies of all policies We may modify the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the YOGAFIT system, standards of liability and higher damage awards If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice

You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Studio Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require

D Non-compete Covenants You agree that you will receive training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement You therefore agree to the following non-competition covenants

1 Persons Bound Unless otherwise specified, the term "Covered Person" as used in this Section 10 D includes, collectively and individually, the Principal Owner (including spouse) and all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you We may require you to obtain from your individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section 10 D

2 During Term During the term of this Agreement, Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity *(i)* divert any Studio member, potential Studio member or former Studio member to any yoga studio or fitness center except another YOGAFIT Studio, or *(ii)* own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any yoga studio or substantially similar facility in the United States (including, but not limited to, a studio, fitness club or other exercise facility offering yoga, barre, pilates or similar classes as a significant portion of its business), except another YOGAFIT Studio pursuant to a valid franchise agreement with us

3 After Termination For a period of two years after the transfer, expiration or termination of this Agreement (and with respect to any Principal Owner, for a period of two years after such person ceases to be a Principal Owner, regardless of the reason), Covered Persons must not directly or indirectly, for themselves or through, on behalf of or in conjunction with any individual or business entity *(i)* divert any Studio member, potential Studio member or former Studio member to any yoga studio or fitness center except another YOGAFIT Studio, or *(ii)* own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in any yoga studio or substantially similar facility

(including, but not limited to a studio, fitness club or other exercise facility offering yoga, barre, pilates or similar classes as a significant portion of its business) that is located at or within a 10-mile radius of the Authorized Location, that is located within a 10-mile radius of any other YOGAFIT Studio in operation or under construction, or that is located in the Designated Area of any other YOGAFIT franchisee, except another YOGAFIT Studio pursuant to a valid franchise agreement with us The two year period described in this paragraph will be tolled during any period of noncompliance

4 Reasonableness You agree that the scope of the prohibitions stated in this Section 10 D is reasonable and necessary to protect us and the System (including other franchisees of the System) You agree that the prohibitions in this Section 10 D must be broad in order to protect our goodwill and prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets or refranchising You agree that the time period and the scope of the prohibitions stated in this Section 10 D are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise are qualified

5 Exception The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 10 D so long as you do not own, directly or indirectly, more than 5% of the securities of such corporation

6 Reformation and Reduction of Scope of Covenants If all or a portion of any covenant contained in this Section 10 D is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you and each Covered Person will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10 D Notwithstanding the foregoing, we have the sole and unilateral right to reduce the scope of any covenant set forth in Section 10 D, or any portion thereof, which reduction will be effective immediately upon delivery of notice of the reduction

7 Injunctive Relief You and each Covered Person agree that the violation of any covenant contained in this Section 10 D would result in immediate and irreparable injury to us for which there is no adequate remedy at law You and each Covered Person therefore agree that in case of an alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law We will not be required to post a bond or other security for any injunctive proceeding

8 Severability Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement

E Innovations You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to the development or operation (including marketing, advertising and promotions) of the Studio or any similar aspect of the business conceived or developed by you, any Owner or your employees during the term of this Agreement (**"Innovations"**) We and our affiliates own and have the right to authorize other Studios to use any Innovations without any compensation to you, any Owner, or your employees Nothing in this Section modifies your obligations to comply with the System and the Manual

F Copyright You hereby acknowledge and agree that the ownership of all printed, audio and visual material and any other material whatsoever (including all Confidential Information) being part of the Studio or System (the **"work"**) belongs to us or our affiliates and any copyright in respect to the work belongs to us In addition, you acknowledge that you have no right to manufacture any component of the work or duplicate the work and agree to purchase all components of (or rights of access to) the work exclusively from us You have no right to claim any proprietary interest in any of the work You must immediately notify us of any known infringement to the work or to our copyright interest therein We have the right to control any litigation related to our copyrights or the work You agree to assist us, as directed by us, in any claim or action against the infringer

TRANSFER OF FRANCHISE

11 You agree that the following provisions govern any transfer or proposed transfer

A <u>Transfers</u> We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Studio Consequently, your interest in this Agreement or in the Studio, or all or substantially all of the assets of the Studio, or any Owner's interest in a franchisee that is a partnership or entity may not be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 11 E, and if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in Section 11 C is paid, if applicable, and the transfer conditions described in Section 11 C are satisfied Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11

1 Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by the Principal Owner (including any addition or deletion of any person or entity who qualifies as a Principal Owner),

2 Any change in the general partner of a franchisee that is a general, limited or other partnership entity, or

3 For purposes of this Section 11 A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or Principal Owner, which we have not approved in advance in writing

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 11 E, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in Section 11 C, if applicable, and satisfy the transfer conditions described in Section 11 C In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you

You may not place in, on or upon the location of the Studio, or in any communication media or any form of advertising, any information relating to the sale of the Studio or the rights under this Agreement, without our prior written consent

B <u>Consent to Transfer</u> We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 11 have been satisfied Application for our consent to a transfer and tender of the right of first refusal provided for in Section 11 E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us Any agreement used in connection with a transfer is subject to our President's prior written approval, which approval will not be withheld unreasonably Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in Section 11 C

C Conditions of Transfer We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following

1 Assignee Qualifications The assignee must meet all of our then-current requirements for the franchise we are offering at the time of the proposed transfer

2 Payment of Amounts Owed All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Studio premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full

3 Reports You must have provided all required reports to us in accordance with Sections 9 I and 9 J

4 Modernization You must have complied with the provisions of Section 5 F

5 Guarantee In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be

6 Consent to Transfer, General Release You, each Principal Owner and each guarantor must execute all transfer documents that we require and in the form we designate, which documents will include a general release of all claims arising out of or relating to this Agreement, your Studio or the parties' business relationship, provided, however, that the release will not be inconsistent with any state law regulating franchising

7 Training The assignee must, at your or the assignee's expense, comply with the training requirements of Section 7 B

8 Financial Reports and Data We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Studio and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the Studio and the proposed transfer You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Studio and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Studio and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure

9 Transfer Fee You must pay us a transfer fee equal to $15,000

10 New Franchise Agreement If the proposed transfer (or a series of transfers) would result in a change in control of the franchisee, the transferee must execute our then-current form of franchise agreement (provided that no initial franchise fee will be due there under), and each of transferee's Principal Owners execute our then-current form of personal guaranty and undertaking The parties acknowledge and agree that our then-current form of franchise agreement may be materially different than this Agreement and may include, among other things, different fees Additionally, in the event of a transfer, we have the unilateral right to change or modify the boundaries of the Designated Area under the new franchise agreement The Designated Area modification, if any, will be noted in the new franchise agreement issued with respect to the transfer

11 Transaction Terms You or the proposed transferee have provided us with all information we have reasonably requested regarding the terms of the proposed transfer, and we are satisfied that the

financial terms and conditions of the proposed transfer will not have a materially adverse effect on the business' post-transfer ability to continue in operation and to meet its liabilities as the fall due

12 Other Conditions You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies

D Death, Disability or Incapacity If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under Section 11 B, comply with the training requirements of Section 7 B, pay the transfer fee, if applicable, under Section 11 C, and satisfy the transfer conditions under Section 11 C, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity During any transition period to an heir or successor-in-interest, the Studio still must be operated in accordance with the terms and conditions of this Agreement If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as stated in Section 11 E

E Right of First Refusal If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 11 D or any transfer described in Section 11 A, you first must offer to sell to us your interest In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer In the event the proposed transfer results from a change in control of the franchisee or a Principal Owner under Section 11 A 1 through 11 A 3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Studio Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a change in control or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in Section 14 B in connection with an asset purchase upon expiration In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you Our acceptance of any right of first refusal will be on the same price and terms listed in the statement delivered to us, provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 11 You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 11 E

F Transfer by Us We have the right to sell or assign, in whole or in part, our interest in this Agreement and you hereby consent to any such sale or assignment

G Individual Franchisee If you are in full compliance with this Agreement, you may transfer this Agreement to a corporate or other business entity *(i)* which conducts no business other than operating your Studio (and if applicable other YOGAFIT Studios), *(ii)* in which you maintain management control, *(iii)* of which you own and control 100% of the equity and voting power of all issued and outstanding equity interests and *(iv)* further provided that all assets of the Studio are owned, and the entire Studio is conducted by a single business entity Any transfer meeting the conditions in this Section 11 G will not be subject to the conditions in Section 11 C, however, the corporation or other similar entity must execute a document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement and the Principal Owners must agree to remain personally liable under this Agreement

H Securities Offerings

1 No Public Offerings Neither you nor any of your Owners may issue or sell your securities or the securities of any of your affiliates if (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons, or (2) after the issuance or sale, you or such affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended

2 Private Placements You, your Owners and affiliates may offer securities or partnership interests, by private offering or otherwise, only with our prior written consent, which will not be unreasonably withheld (except for public offerings prohibited above) All materials required for such offering by federal or state law must be submitted to us for review prior to their being filed with any government agency, and any materials to be used in any exempt offering must be submitted to us for review prior to their use No offering may imply (by use of the Marks or otherwise) that we are participating in the underwriting, issuance or offer of securities and our review of any offering will be limited solely to the subject of the relationship between you and us In preparing a prospectus or other offering materials, you must make any changes and incorporate any disclaimers we require with respect to your relationship with us and your use of the Marks You, Owners and the other participants in the offering must fully indemnify us in connection with the offering For each proposed offering, you must pay us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees You must give us written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section

DISPUTE RESOLUTION

12 The following provisions apply with respect to dispute resolution

A Arbitration, Mediation Except as qualified below, any dispute between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease for the Studio or Authorized Location, the parties' relationship, the Studio, our Standards, or the scope or validity of the arbitration obligations under this Section must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA") Any arbitration must be on an individual basis, and not as part of a consolidated, common, or class action, and you and/or your Owners waive any right to proceed on a consolidated, common, or class basis Multiparty arbitration is specifically excluded, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or other proceeding involving third parties In the event a court or arbitrator determines that this exclusion of multiparty arbitration (including class arbitration) is unenforceable, then this entire commitment to arbitrate will be null and void and the parties must submit all claims to the jurisdiction of the courts Minneapolis, Minnesota is the exclusive locale or venue for any arbitration or civil action The arbitrators must follow the law and not disregard the terms of this Agreement Any arbitrator must have at least five years' experience in franchising or in franchise law

Any unappealed decision of the arbitrator(s) will be final and binding on all parties to the dispute, however, the arbitrator(s) shall have no authority to (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, (iii) certify a class or consolidate an action, or (iv) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set A judgment may be entered upon the arbitration award by any court of competent jurisdiction

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first We and you further agree that, in connection with any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates Any such claim which is not submitted or filed in such proceeding will be barred The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 12 C Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration under this Section 12 without the prior written consent of both parties The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this agreement ("Appellate Rules") Any award will, at a minimum, be a reasoned award The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired Appeals must be initiated within thirty days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified above

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 12 B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement Mediation will be conducted by a mediator or mediation program agreed to by the parties and will take place in Minneapolis, Minnesota Persons authorized to settle the dispute must attend any mediation session The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures If not resolved within 30 days, the parties are free to pursue arbitration

B Injunctive Relief Notwithstanding Section 12 A, the parties agree that the following claims will not be subject to arbitration or mediation *(i)* any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency or any arbitration proceeding initiated under Section 12 A, or *(ii)* any action in ejectment or for possession of any interest in real or personal property, or *(iii)* our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us

C Attorneys' Fees The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or other dispute between the parties, any lease or sublease for the Studio or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs If any party initiates' litigation in violation of this arbitration provision and the other party successfully moves to compel arbitration, the party moving to compel arbitration will be entitled to reimbursement of its attorneys' fees and costs incurred in connection with defending the litigation and compelling arbitration

DEFAULT AND TERMINATION AND OTHER REMEDIES

13 The following provisions apply with respect to default and termination

A Defaults You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes *(i)* making any false report to us, *(ii)* intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, *(iii)* conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) (a) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the Studio or (b) any felony, *(iv)* filing of tax or other liens that may affect this Agreement, or *(v)* voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors

B Termination by Us We have the right to terminate this Agreement in accordance with the following provisions

1 Termination After Opportunity to Cure Except as otherwise provided in this Section 13 B *(i)* you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults, *(ii)* your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement, *(iii)* the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination, and *(iv)* the termination will be effective immediately upon our issuance of the written notice of termination

2 Immediate Termination With No Opportunity to Cure In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination *(i)* you have failed to identify a mutually acceptable site for the operation of the Studio or to open the Studio for business within the time period provided by this Agreement, *(ii)* you or any Owner has made any material misrepresentation or omission in your franchise application, *(iii)* your voluntary abandonment of this Agreement or the Authorized Location, *(iv)* the loss of your lease, or the failure to timely cure a default under the lease, *(v)* the loss of your right of possession or failure to reopen or relocate under Section 5G , *(vi)* the closing of the Studio by any state or local authorities for health or public safety reasons, *(vii)* any unauthorized use of the Confidential Information, *(viii)* insolvency of you, a Principal Owner or guarantor, *(ix)* you, a Principal Owner or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, *(x)* conviction of you, any Principal Owners, or guarantors of (or pleading no contest to) any felony or misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the Studio, *(xi)* you, any Owner, guarantor or an affiliate of any of you are listed by the United States or United Nations as being a terrorist, financier of terrorism or otherwise restricted from doing business in or with the United States, *(xii)* intentionally underreport membership sales or Gross Revenues, falsify financial data, or otherwise commit an act of fraud with respect to your acquisition of this franchise or your right or obligations under this Agreement, or any understatement of 2% or more on a subsequent audit within a two-year period under Section 9H (whether or not such understatement is intentional), *(xiii)* any unauthorized transfer or assignment in violation of Section 11, or *(xiv)* any default by you that is the second same or similar default within any 12-month consecutive period or the third default of any type within any 24-month consecutive period

3 Immediate Termination After No More than 24 Hours to Cure In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health, safety or sanitation law or regulation, or if the operation of the Studio presents a health or safety hazard to your members or to the public *(i)* you will have no more than 24 hours after we provide written notice of the default to cure the default, and *(ii)* this Agreement will terminate effective immediately on our issuance of written notice of termination

4 Effect of Other Laws The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you

C Termination by You You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that *(i)* you provide us with written notice of the breach that identifies the grounds for the breach, and *(ii)* we fail to cure the breach within a reasonable time, which will in no event be less than 60 days after our receipt of the written notice If we fail to cure the breach, the termination will be effective 90 days after our receipt of your written notice of breach Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 10 D and Section 14 of this Agreement

D Other Remedies If you fail to identify a site for the Studio or open the Studio within the time required by this Agreement, in lieu of terminating this Agreement *in toto*, we may, at our sole option, eliminate any designated area protection or reservation provided to you under Section 2 C of this Agreement If you are in default under this Agreement, in addition to any other remedies we may have, we have the right to withhold services pending any cure of the default including (1) removing your Studio from any website we manage, (2) suspending online enrollment, or (3) suspending our facilitation of the member billing process

E Liquidated Damages In the event of any default by you that results in a premature termination of this Agreement (regardless of which party actually terminates this Agreement), you must pay us, as liquidated damages and not as a penalty, an amount equal to the average monthly fees paid to us over the past 12 months (or, if the Studio has operated for fewer than 12 months, then the average monthly fees paid to us during over the number of full months of operation) multiplied by the number of months remaining in the then-current term, reduced to present value at a rate of 6% The parties acknowledge and agree that such amount represents a reasonable estimate of the damages we will incur as a result of such default and premature termination

POST-TERM OBLIGATIONS

14 Upon the expiration or termination of this Agreement

A Reversion of Rights, Discontinuation of Trademark Use All of your rights to the use of the Marks and all other rights and licenses granted in this Agreement and the right and license to conduct business under the Marks at the Authorized Location will revert to us without further act or deed of any party All of your right, title and interest in, to and under this Agreement will become our property You must immediately comply with the post-term non-compete obligations under Section 10 D, cease all use and display of the Marks and of any proprietary material (including the Manual) and of all or any portion of promotional materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Studio and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates You must immediately return to us, at your expense, all copies of the Manuals then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 6 H You must promptly at your expense and subject to Section 14 B, remove or obliterate all Studio signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks and so alter the appearance of the Studio as to differentiate the Studio unmistakably from duly licensed Studio identified by the Marks If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Studio signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks, and you must reimburse us for our costs incurred You are responsible for reimbursing members for all pre-paid services not rendered Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement

B Option to Assume Lease, Assume Telephone Numbers and Membership Contracts, and Purchase Assets Upon termination or expiration of this Agreement, we will have the option (but not the obligation) to do any or all of the following *(i)* assume your Lease for the Studio premises, *(ii)* assume all telephone numbers used in connection with the operation of the Studio, *(iii)* assume all utilities used in connection with the operation of the Studio, *(iv)* assume your rights and interest in and to any Membership Contract to which you are a party, by delivering to you written notice of our election within 30 days after termination or expiration of this Agreement, and/or *(v)* assume all social media accounts associated with the Studio

Upon termination or expiration of this Agreement, we also will have the option, to purchase any or all of the assets used in connection with the operation of the Studio including, without limitation, equipment, fixtures, signage, furnishings, supplies and leasehold improvements The purchase price for the assets will be determined by a qualified appraiser selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section 14 B within 30 days after the date of the expiration or termination of this Agreement If the parties cannot agree upon the selection of an appraiser(s), each party will appoint their own appraiser and the two appraisers will select a neutral appraiser, who will independently perform the appraiser Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner We and you will each pay one-half of the appraiser's fees and expenses Our interest in the assets of the Studio that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore, and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased

You must execute all additional documentation that we designate to give effect to the options described in this Section 14 B We may assign our option rights to any person of our choice

C Claims You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the business contemplated under this Agreement after the shorter period of the applicable statute of limitations or one year following the effective date of termination or expiration of this Agreement, provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit, arbitration proceeding, or other action may be commenced or maintained unless commenced within the applicable statute of limitations

GENERAL PROVISIONS

15 The parties agree to the following provisions

A Severability Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy

B Waiver/Integration No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach Subject to our rights to modify the Marks, System, Manual, and to designate the Authorized Location and Designated Area as stated in this Agreement, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and an executive officer of ours This Agreement together with the addenda and appendices and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business There are no representations or warranties of any kind, express or implied, except as contained in this Agreement and in the aforesaid application Nothing in this Agreement is intended to disclaim the representations we have made in our Franchise Disclosure Document

C Notices Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving the same and *(i)* delivered personally or *(ii)* delivered by a reputable overnight service (such as FedEx) or *(iii)* deposited in the United States mail, service or postage prepaid (and if such notice is a notice of default or of termination, by registered or certified mail), and addressed as follows

1 If intended for us, addressed to Chief Executive Officer, YogaFit Franchising, LLC, 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317,

2 If intended for you, addressed to you at Address for Notices set forth on the Summary Pages or at the Authorized Location, or, in either case, to such other address as may have been designated by notice to the other party Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery

D Authority Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by an authorized officer

E References If the franchisee is two or more persons, the persons are jointly and severally liable, and references to you in this Agreement includes all of the individuals Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement

F Guarantee All Principal Owners of a franchisee that is a corporation, partnership, limited liability company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement In the event no individual meets the definition of Principal Owner, all owners we designate must provide the guarantee

G Successors/Assigns Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties

H Interpretation of Rights and Obligations The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 Applicable Law and Waiver Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 12 of this Agreement, all claims arising out of or relating to this Agreement and the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the state of Minnesota (irrespective of any conflicts of laws), provided that the Minnesota Franchise Act and any other law or regulation applicable to the offer

or sale of franchises or the franchise relationship will apply only if the jurisdictional provisions of the law are otherwise met The choice of Minnesota law is not intended to incorporate into this Agreement any provisions not expressly stated herein You waive, to the fullest extent permitted by law, the rights and protections provided by the Minnesota Franchise Act

2 Our Rights Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations stated in this Agreement

3 Our Reasonable Business Judgment Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving member service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

I Venue Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts The provisions of this Section will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth

J **Jury Waiver All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement**

K **Waiver of Punitive Damages You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained**

L Relationship of the Parties You and we are independent contractors Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other Neither party may obligate the other or represent any right to do so This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence

M Adaptations and Variances Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System Accordingly, we have the right to vary the equipment offerings and other standards, specifications, and requirements for any franchised Studio or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Studio, franchisee's business or the System We are not required to grant to you a like variance or other variation as a result of any variation from standard operations, specifications or requirements granted to any other franchisee You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement

N <u>Notice of Potential Profit</u> We and/or our affiliates may from time to time make available to you supplies, equipment, products and/or services for use in your Studio on the sale of which we and/or our affiliates may make a profit Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of supplies, equipment, products or services to you or in consideration of services rendered or rights licensed to such persons You agree that we and/or our affiliates are entitled to said profits and/or consideration

O <u>Force Majeure</u> If a party's default under this Agreement (other than your obligations with respect to insurance and indemnification, to obtain a site and open the Studio within a specified period, and to pay all fees and other amounts due to us and our affiliates under this Agreement and any other agreement between you and us or our affiliates), is caused in whole or in part by a force majeure, such default and any right of the other party to terminate this Agreement for such default is suspended for as long as the default is reasonably caused by such force majeure Any suspension is effective only from the delivery of a notice of the force majeure to the other party stating the party's intention to invoke the force majeure However, if such suspension continues for longer than six months and the default still exists, either party has the right to terminate this Agreement upon 30 days notice to the other party Events of force majeure are those that cannot be prevented, avoided or removed by the party invoking the force majeure despite the exercise of reasonably diligence, including acts of God, actions of the elements, lockouts, strikes, wars, riots, acts of terrorism, civil commotion, and acts of governmental authorities (not including a governmental authority's delaying or refusing to grant building permits, licenses and other permissions and approvals), and except as specifically provided for elsewhere in this Agreement

P <u>Representations of Franchisee</u> As an inducement to us to grant you the franchise contemplated by this Agreement, you hereby acknowledge and represent to us the following (and agree to notify us immediately in writing upon the occurrence of any act or event that would render any representation incorrect)

1 <u>Corporate Ownership</u> If you are a corporation, limited liability company, partnership or similar entity, you and each of your Owners represents and warrants that your ownership is completely and accurately listed on the Summary Page and that you will provide us with updated ownership information so that at all times the ownership information is current, complete and accurate In addition, you represent and warrant that (*i*) you are duly organized, in good standing and authorized to conduct business in your state of incorporation and the state where the Studio is located, (*ii*) you will confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Studio or another Studio under a franchise agreement with us, (*iii*) all assets used in the operation of the Studio are owned or leased by you, and (*iv*) you have and will maintain stop transfer instructions on your records against the transfer of equity securities except in compliance with this Agreement and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement

2 <u>Patriot Act</u> You represent, warrant and certify that none of you, your affiliates, officers or directors or holders of any equity interest in you is or will be named as a "specially designated national" or "blocked person" (or other similar classification) as designed by the United States Department of The Treasury's Office of Foreign Assets Control (or other applicable governmental agency)

3 <u>Applicable Laws</u> You acknowledge that there may be federal, state and local laws ("**Applicable Laws**") that may affect the operation of the Studio, that may conflict with your obligation to comply with our Standards, and that may negatively impact the financial performance of the Studio These laws may exist today, or may be enacted in the future It is solely your responsibility, both prior to and after purchasing the franchise, to identify, understand and comply with all Applicable Laws In entering into this

Agreement, you are not relying in any way upon any representation or warranty (express or implied) by us or anyone associated with us that our System or Standards complies with Applicable Laws

Q Set-Off by the Franchisor Notwithstanding anything contained in this Agreement, upon your failure to pay to us as and when due, any amounts of money provided for herein or in any other agreement between you and us or our affiliates, we shall have the right, at our election, to deduct any and all such amounts remaining unpaid from any monies or credits held by us for your account

R Cross Default Where there is more than one agreement in existence between you and us (including agreements guaranteed by the Principal Owners), you agree that we have the right to treat a material breach or default of any one agreement between the parties as a material breach or default of all or any of the other agreements between the parties, and any such material breach or default of any one agreement shall be treated, in respect of any of the other agreements, as a material breach or default of each such agreement in accordance with its own terms

S Submission of Agreement The submission of this Agreement to you does not constitute an offer, and this Agreement shall become effective only upon execution by both you and us

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below

FRANCHISEE (For an entity)	**FRANCHISEE** (For an individual)
Name of Entity ____________	
Signature ____________	Signature ____________
Printed Name ____________	Printed Name ____________
Title ____________	Date ____________
Date ____________	

FRANCHISOR
YOGAFIT FRANCHISING, LLC

Signature ____________
Printed Name Peter Taunton
Title President/CEO
Date ____________

Attachment A to the Franchise Agreement

MARKS AND DESIGNATED AREA

A **MARKS** You have the right to use the following Marks in accordance with the terms of the Franchise Agreement

Trademark	**Register**	**Registration Date**	**Registration Number**
YOGAFIT	Principal	September 26, 1995	74533918
YogaFit	Principal	August 19, 2013	86042238
YogaFit	Principal	September 5, 2013	86057341

We may amend this <u>Attachment A</u> from time to time in order to make available additional Marks or to delete those Marks that become unavailable You agree to use only those Marks that are then currently authorized in this Attachment or the Manual

B DESIGNATED AREA The "**Designated Area**" means the following area

____

____

If the Designated Area is not identified as of the date of this Franchise Agreement, we will determine the Designated Area when you sign the lease for the Authorized Location The Designated Area will be an area of <u>***up to*** 3 driving miles</u> from the Authorized Location as we determine in our sole judgment after a review of relevant factors (see Section 2 C)

The Designated Area may overlap with designated areas of other Studios In the overlapping areas, each Studio is permitted to market and solicit for members (see Section 6 B) Once identified by us, the Designated Area is fixed for the initial term of the Franchise Agreement unless you relocate the Studio and upon renewal or transfer (see Sections 4 B, 5 G, and 11 C) The driving miles are fixed as of the date the Designated Area is determined by us based on our mapping program used at the time the Designated Area is determined (currently, Googlemaps) No Designated Area will be enlarged due to any future road construction or other alteration

[Signatures to follow]

IN WITNESS WHEREOF, the parties have executed this Attachment A as of the Effective Date of the Franchise Agreement

FRANCHISEE (For an entity)
Name of Entity ______________________________

Signature ______________________________
Printed Name ______________________________
Title ______________________________

FRANCHISEE (For an individual)

Signature ______________________________
Printed Name ______________________________

FRANCHISOR
YOGAFIT FRANCHISING, LLC

Signature ______________________________
Printed Name Peter Taunton
Title President/CEO

Attachment B to the Franchise Agreement

INFORMATION RELEASE CONSENT

The undersigned entered into a Franchise Agreement for the operation of a YOGAFIT Studio under a license from YogaFit Franchising, LLC In connection with the Franchise Agreement, I authorize YogaFit Franchising, LLC to discuss with and obtain information from the third party providers for any YOGAFIT Studio owned or guaranteed by my Principal Owners (directly or indirectly), including (1) the landlord of the Studio, (2) any lender providing financing for the Studio or that holds any security interest in any of the assets of the Studio or in the Franchisee (if a corporate entity), and (3) any other vendor or supplier for the Studio I authorize such persons to provide information regarding the YOGAFIT Studio to YogaFit Franchising, LLC

FRANCHISEE (For an entity)

Name of Entity ____________________

Signature ____________________
Printed Name ____________________
Title ____________________

FRANCHISEE (For an individual)

Signature ____________________
Printed Name ____________________

Attachment C to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantoi for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 10 D, the dispute resolution provision in Section 12, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement

The undersigned waives (1) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or non-performance of any obligations hereby guaranteed, and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person, and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns

FRANCHISEE ______________________________ (insert name of entity)

PERSONAL GUARANTORS

______________________________ Individually	______________________________ Individually
______________________________ Print Name	______________________________ Print Name
______________________________ Address	______________________________ Address
______________________________ City State Zip Code	______________________________ City State Zip Code
______________________________ Telephone	______________________________ Telephone
______________________________ Individually	______________________________ Individually
______________________________ Print Name	______________________________ Print Name
______________________________ Address	______________________________ Address
______________________________ City State Zip Code	______________________________ City State Zip Code
______________________________ Telephone	______________________________ Telephone

Attachment D to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee ________________

Location __________________

Date _____________________

NEW	CHANGE

Attention Bookkeeping Department

The undersigned hereby authorizes YogaFit Franchising, LLC, its parent company or any affiliated entity (collectively, "YogaFit"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become payable by the undersigned to YogaFit The dollar amount to be debited per payment will vary

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by YogaFit This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries

Sincerely yours,

*** We also need a VOIDED Check ***

____
Bank Name

____
Branch

____
Street Address

____
City State Zip Code

____
Bank Telephone Number

____
Bank s Account Number

____
Customer s Account Number

____
Account Name

____
Street Address

____
City State Zip Code

____
Telephone Number

SIGNATURE __________________

Name _______________________

Title _______________________

Date _______________________

Attachment E to the Franchise Agreement

LEASE ADDENDUM

This Lease Addendum ("**Addendum**") dated _________, 20__, is entered into between ______________ ______ ("**Landlord**"), and ________________ ("**Tenant**")

RECITALS

A The parties have entered into a Lease Agreement, dated _______ (the "**Lease**") for the premises located at ____ (the "**Premises**")

B Tenant has agreed to use the Premises only for the operation of a YOGAFIT Studio pursuant to a franchise agreement ("**Franchise Agreement**") with YogaFit Franchising, LLC ("**YogaFit**")

C The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum

AGREEMENT

1 Remodeling and Décor Landlord agrees to allow Tenant to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement and any successor Franchise Agreement (subject to zoning requirements)

2 Assignment Tenant has the right to assign all of its right, title and interest in the Lease to YogaFit or its successor, or either company's affiliates, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent No assignment will be effective, however, until YogaFit or its successor or designated affiliate gives Landlord written notice of its acceptance of the assignment If YogaFit elects to assume the lease under this paragraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Landlord and Tenant agree that *(i)* Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and *(ii)* YogaFit will have the right to sublease the Premises to another YOGAFIT franchisee, without further need for Landlord approval, provided the franchisee agrees to operate the Studio as a YOGAFIT Studio pursuant to a franchise agreement with YogaFit YogaFit will be responsible for the lease obligations incurred after the effective date of the assignment

3 Default and Notice

(a) In the event there is a default or violation by Tenant under the terms of the Lease, Landlord agrees to give Tenant and YogaFit written notice of such default or violation within a reasonable time after Landlord knows of its occurrence Landlord agrees to provide YogaFit the written notice of default as written and on the same day Landlord gives it to Tenant Although YogaFit is under no obligation to cure the default, YogaFit will notify Landlord it intends to cure the default and unilaterally assume Tenant's interest in the lease as provided in Paragraph 3(c) YogaFit will have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation

(b) All notices to YogaFit must be sent by registered or certified mail, postage prepaid, to the following address

YogaFit Franchising, LLC
2411 Galpin Court, Suite 110
Chanhassen, MN 55317
(952) 474-5422

YogaFit may change its address for receiving notices by giving Landlord written notice of the new address Landlord agrees to notify both Tenant and YogaFit of any change in Landlord's mailing address to which notices should be sent

(c) Upon Tenant's default and failure to cure a default under either the Lease or the Franchise Agreement, YogaFit has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2

4 Termination or Expiration

(a) Upon the expiration or termination of the Franchise Agreement, YogaFit has the right (but not the obligation) to unilaterally assume Tenant's interest in the Lease in accordance with Paragraph 2

(b) Upon the expiration or termination of the Lease, if YogaFit does not assume Tenant's interest in the Lease, Landlord agrees to cooperate and allow YogaFit to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Landlord, to remove all signs and all other items identifying the Premises as a YOGAFIT Studio and to make such other modifications as are reasonably necessary to protect the marks and system, and to distinguish the Premises from YOGAFIT Studios In the event YogaFit exercises its option to purchase assets of Tenant, Landlord agrees to permit YogaFit to remove all such assets being purchased by YogaFit

5 Consideration, No Liability

(a) Landlord acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement and that Tenant may not lease the Premises without this Addendum

(b) Landlord acknowledges that Tenant is not an agent or employee of YogaFit and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind YogaFit or any affiliate of YogaFit and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against YogaFit or any affiliate of YogaFit

(c) Nothing contained in this Addendum makes YogaFit or its affiliates a party or guarantor to the Lease, and does not create any liability or obligation of YogaFit or its affiliates

6 Modification No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained YogaFit's written consent

7 Reaffirmation of Lease Except as amended or modified by this Addendum, all of the terms, conditions, and covenants of the Lease remain in full force and effect

8 Miscellaneous

(a) YogaFit is a third party beneficiary of this Addendum, with independent rights of enforcement

(b) References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions, and renewals to the documents

(c) References to Landlord, Tenant, and YogaFit include the successors and assigns of each of the parties

[*signature page follows*]

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above

TENANT	LANDLORD
______________________________	______________________________

Attachment F to the Franchise Agreement

TELEPHONE NUMBER ASSIGNMENT AGREEMENT

THIS TELEPHONE ASSIGNMENT AGREEMENT by and between the Franchisee identified below ("**Franchisee**") and YogaFit Franchising, LLC (hereinafter "**YogaFit**")

BACKGROUND

A YogaFit has a license to use and to sublicense the use of a proprietary system ("**System**") for the operation of a yoga studio under the trademark and logo YOGAFIT (the "**Studio**"),

B Franchisee has been granted a franchise to operate a Studio pursuant to a Franchise Agreement and in accordance with the System,

C In order to operate its Studio, the Franchisee will be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements, and

D As a condition to the execution of the Franchise Agreement, YogaFit has required that the Franchisee collaterally assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to YogaFit in the event of expiration or termination of the Franchise Agreement

AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows

1 <u>Assignment</u> In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Studio, Franchisee hereby sells, assigns, transfers and conveys to YogaFit all of its rights, title and interest in and to all telephone numbers, telephone listings and telephone directory advertisements used in connection with the operation of the Studio, provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and YogaFit has delivered to Franchisee written notice of acceptance of the assignment In the event of such assignment, YogaFit assumes no liability for monies owed or other liabilities relating to the telephone numbers, telephone listings, and telephone directory advertisements that have accrued prior to the effective date of the Assignment

Franchisee hereby grants to YogaFit an irrevocable power of attorney and appoints YogaFit as Franchisee's attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment This assignment is also for the benefit of the telephone companies, and Franchisee agrees that the telephone companies may accept this assignment and YogaFit's instructions as conclusive evidence of its rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to YogaFit In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by YogaFit regarding the assignment contemplated in this Assignment

2 <u>Representation and Warranties of the Franchisee</u> Franchisee hereby represents, warrants and covenants to the YogaFit that (a) As of the effective date of the Assignment, all of Franchisee's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services will be paid and current, (b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement, (c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof, (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of

nor approval by any third party is required in connection herewith, and (e) Franchisee has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and Franchisee has obtained all necessary consents to this Assignment

3 <u>Cancellation</u> Notwithstanding the foregoing, YogaFit may, in its sole judgment and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void

4 <u>Miscellaneous</u> The validity, construction and performance of this Assignment is governed by the laws of the State of Minnesota All agreements, covenants, representations and warranties made herein will survive the execution hereof All rights of the YogaFit inure to its benefit and to the benefit of its successors and assigns

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement

FRANCHISEE (For an entity)

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________

FRANCHISEE (For an individual)

Signature ______________________
Printed Name ______________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President/CEO

Attachment G to the Franchise Agreement

MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT

THIS MEMBERSHIP CONTRACT ASSIGNMENT AGREEMENT by and between the Franchisee identified below ("**Franchisee**") and YogaFit Franchising, LLC (hereinafter "**YogaFit**")

BACKGROUND

A YogaFit has a license to use and to sublicense the use of a proprietary system ("**System**") for the operation of a yoga studio under the trademark and logo YOGAFIT (the "**Studio**"),

B Franchisee has been granted a franchise to operate a Studio pursuant to a Franchise Agreement and in accordance with the System,

C During the term of the franchise, Franchisee will be entering to membership contracts with Studio members permitting them access to the Studio facilities ("**Membership Contracts**"), and

D As a condition to the execution of the Franchise Agreement, YogaFit has required that Franchisee collaterally assign all of its right, title and interest in the Membership Contracts to YogaFit in the event of expiration or termination of the Franchise Agreement,

AGREEMENT

In consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows

1 <u>Assignment</u> In the event of expiration or termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the Studio, Franchisee hereby sells, assigns, transfers and conveys to YogaFit all of its rights, title and interest in and to all Membership Contracts, provided, however, such Assignment will not be effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and YogaFit has delivered to Franchisee written notice of its acceptance of the assignment In the event of such assignment, YogaFit will assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the assignment

2 <u>Representation and Warranties of the Franchisee</u> Franchisee hereby represents, warrants and covenants to YogaFit that

(a) As of the effective date of the Assignment, all of Franchisee's obligations under the Memberships Contracts have been satisfied,

(b) As of the date hereof, Franchisee has full power and legal right to enter into, execute, deliver and perform this Agreement,

(c) This Agreement is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof,

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith, and

(e) Franchisee has the specific power to assign and transfer its right, title and interest in its Membership Contracts and Franchisee has obtained all necessary consents to this Assignment

3 <u>Cancellation</u> Notwithstanding the foregoing, YogaFit may, in its sole judgment and at any time prior to effectiveness of the assignment, declare this Agreement and the assignment contemplated hereunder null and void

4 Miscellaneous The validity, construction and performance of this Assignment is governed by the laws of the State of Minnesota All agreements, covenants, representations and warranties made herein will survive the execution hereof All rights of YogaFit inure to its benefit and to the benefit of its successors and assigns

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the Effective Date of the Franchise Agreement

FRANCHISEE (For an entity)

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________

FRANCHISEE (For an individual)

Signature ______________________
Printed Name ______________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President/CEO

Attachment H to the Franchise Agreement

MARKET ACCELERATOR PROGRAM ADDENDUM

This Market Accelerator Program Addendum ("**MAP Addendum**") made between YogaFit Franchising, LLC, a Minnesota limited liability company with its principal business located at 2411 Galpin Ct, Suite 110, Chanhassen, MN 55317 ("**we**" or "**us**"), and the Franchisee identified in the Summary Page ("**you**"), to be effective on the Effective Date identified in the Summary Page

RECITALS

A Contemporaneously with the execution of this Addendum, you are entering into three YOGAFIT® franchise agreements (each a "**Franchise Agreement**") pursuant to our Market Accelerator Program (the "**MAP**")

B The Studios licensed under these Franchise Agreements together constitute the "**MAP Studios** "

C The parties desire to enter into this MAP Addendum in order to clarify certain obligations under the Franchise Agreements, as they relate to the MAP Studios

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

AGREEMENT

1 Definitions Capitalized terms will have the meanings ascribed to them in the Franchise Agreement unless otherwise defined herein The term "**this Agreement**" refers to the Franchise Agreement modified by this Addendum

2 Initial Franchise Fee The initial franchise fees applicable for the three MAP Agreements will be at total of $60,000

3 Opening Schedule With respect to the MAP Studios, the following timelines apply

MAP Studio	***Site Selection (Sections 2 B and 5 A of this Agreement)***	***Opening Deadline (Section 5 D of this Agreement)***
One MAP Studio	Within 3 months of the Effective Date	Within 6 months of the Effective Date
Two MAP Studios	Within 9 months of the Effective Date	Within 12 months of the Effective Date
Three MAP Studios	Within 15 months of the Effective Date	Within 18 months of the Effective Date

4 Failure to Meet Opening Schedule If any deadline in Section 3 above is not met, the following will apply

(a) If the MAP Studio developed under this Agreement was open and operating at the time of the failure, this Agreement will be unaffected by such failure to open

(b) If the MAP Studio developed under this Agreement was not open and operating at the time of the failure, we may, at our sole and unilateral option, *(i)* terminate this Agreement, or *(ii)* amend this Agreement to eliminate the designated protection afforded by Section 2 B and 2 C of this Agreement

5 Ratification All other terms and conditions of this Agreement are hereby ratified and confirmed

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

FRANCHISEE (For an entity)

Name of Entity ____________________________

Signature ____________________________
Printed Name ____________________________
Title ____________________________

FRANCHISEE (For an individual)

Signature ____________________________
Printed Name ____________________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ____________________________
Printed Name Peter Taunton
Title President/CEO

FRANCHISEE ACKNOWLEDGMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a YOGAFIT franchise The purpose of this Franchisee Acknowledgment is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations *

1 Did you receive a copy of our Disclosure Document at least 14 calendar days before signing the Franchise Agreement? Check one ☐ Yes ☐ No

2 Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No

3 Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the Disclosure Document receipt you signed (or on any updated receipt we provided to you)? Check one ☐ Yes ☐ No

4 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our Disclosure Document will not be binding? Check one ☐ Yes ☐ No

5 Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Check one ☐ Yes ☐ No

6 Do you understand that the franchise is granted for the right to operate the business at the Approved Location and that your Designated Area may overlap with the Designated Area of another franchisee? Check one ☐ Yes ☐ No

7 Do you understand that the Franchise Agreement restricts us only from operating or granting others the right to operate a YOGAFIT Studio physically located in your Designated Area, but that we and our affiliates may operate and grant similar or competitive businesses in your Designated Area under a different name? Check one ☐ Yes ☐ No

8 Do you understand that we have the right to offer, sell, or distribute items such as training videos, equipment, athletic gear, etc , associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods (including retail stores, mail order, wholesale, the Internet, or any other existing or future form of electronic commerce) in your Designated Area, and that you are not entitled to any compensation on account of the sales? Check one ☐ Yes ☐ No

9 Do you understand that your Designated Area protection excludes "Special Sites" in your Designated Area such as (1) military bases, (2) public transportation facilities, including, without limitation, airports, limited access highway travel plazas, and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) hotels, resorts or similar short-term lodging, (6) apartment or condominium complex, and (7) corporate office buildings or office parks, and that we may operate and grant others the right to operate YOGAFIT Studios at Special Sites in your Designated Area? Check one ☐ Yes ☐ No

10 Do you understand that if you fail to secure a site or open a Studio by the deadlines in the Franchise Agreement, your Designated Area protection and reservation can be removed by us and we may authorize another franchisee to locate in that area? Check one ☐ Yes ☐ No

11 Do you understand that we or our affiliates may be the only approved supplier for certain products, that you will pay the then-current price in effect for the approved products and other goods and products you receive from us and our affiliates, and that that we may make a profit on those items? Check one ☐ Yes ☐ No

12 Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 10 and that an injunction is an appropriate remedy to protect the interests of the System if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in Section 10, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ☐ Yes ☐ No

13 Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting our brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one ☐ Yes ☐ No

If you answered "No" to questions 1-13, please explain (attached additional sheets if necessary) _______

____

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14 Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one ☐ Yes ☐ No

15 Except as may be stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected your sales, income or profit levels? Check one ☐ Yes ☐ No

16 Except as may be stated in Item 19 of our Disclosure Document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to or different from the information in the Disclosure Document? Check one ☐ Yes ☐ No

If you answered "Yes" to questions 14-16, please explain in detail the claim, representation or statement (attached additional sheets if necessary) ______________________________

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YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM BY SIGNING THIS FRANCHISEE ACKNOWLEDGMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS

* Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law

<u>NOTE</u> IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS FRANCHISEE ACKNOWLEDGMENT

Signed ______________________________
Print Name ___________________________

Signed ______________________________
Print Name ___________________________

Signed ______________________________
Print Name ___________________________

Signed ______________________________
Print Name ___________________________

ADDENDUM TO THE YOGAFIT FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

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

2 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

3 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

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

5 Based on our audited financial statements and in accordance with Section 200 500 of the Illinois Franchise Disclosure Act, the Illinois Attorney General's Office has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of Illinois To comply with this requirement, we have posted a surety bond with the State of Illinois in the amount of $61,250

6 Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum

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

FRANCHISEE (For an entity)

Name of Entity ______________________________

Signature ______________________________
Printed Name ______________________________
Title ______________________________

FRANCHISEE (For an individual)

Signature ______________________________
Printed Name ______________________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO YOGAFIT FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND

Even though there may be terms in the Disclosure Document or the Franchise Agreement to the contrary, the following provisions will apply to franchisees protected by terms of the Maryland Franchise Registration and Disclosure Law

1 The franchisee is not required to commence litigation in Minnesota, but, instead, may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

2 None of the representations required to be made by the franchisee to YogaFit Franchising, LLC in the documents to be executed by the franchisee are intended to act as, and the party agree that they shall not be deemed to constitute, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

3 Any 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

4 Based on our audited financial statements and in accordance with the Maryland Franchise Registration and Disclosure Law, the Maryland Office of the Attorney General, Securities Division, has imposed a financial assurance requirement as a condition to becoming registered to offer and sell franchises in the State of Maryland To comply with this requirement we have posted a surety bond with the State of Maryland in the amount equal to $61,250

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

FRANCHISEE (For an entity)

Name of Entity ________________________

Signature ____________________________
Printed Name __________________________
Title ________________________________

FRANCHISEE (For an individual)

Signature ____________________________
Printed Name __________________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ____________________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO THE YOGAFIT FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows

1 We will undertake the defense of any claim of infringement by third parties involving the YOGAFIT mark, and you will cooperate with the defense in any reasonable manner prescribed by us with any direct cost of such cooperation to be borne by us

2 Minnesota law provides franchisees with certain termination and nonrenewal rights As of the date of this Franchise Agreement, Minn Stat Sec 80C 14, Subd 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement

3 Section 13 D (Liquidated Damages) of the Franchise Agreement is deleted

4 Section 14 C (Claims) is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action accrues

5 Section 15 J (Jury Waiver) and Section 15 K (Waiver of Punitive Damages) are hereby deleted

6 No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act, provided, that this part shall not bar the voluntary settlement of disputes

7 Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C 01 to 80C 22 are met independently without reference to this addendum

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

FRANCHISEE (For an entity)

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________

FRANCHISEE (For an individual)

Signature ______________________
Printed Name ______________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO THE YOGAFIT FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum pertains to franchises sold in the State of New York and is for the purpose of complying with the New York General Business Law, Article 33, §§680 – 695 (1989) ("New York Law") Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows

1 To the extent that the Franchise Agreement requires you to sign a release or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York Law or a rule or order promulgated thereunder, such release or acknowledgment of fact will be void with respect to claims arising under the New York Law It is the intent of this provision that the non-waiver provisions of Sections 687 4 and 687 5 of the New York Law be satisfied

2 Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York Law are met independently without reference to this addendum

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

FRANCHISEE (For an entity)

Name of Entity ____________________________

Signature ____________________________
Printed Name ____________________________
Title ____________________________

FRANCHISEE (For an individual)

Signature ____________________________
Printed Name ____________________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ____________________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO THE YOGAFIT FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

With respect to franchises falling within the scope of the North Dakota Franchise Investment Law, the Franchise Disclosure Document and Franchise Agreement are hereby amended as follows

1 The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law

(a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the franchise agreement,
(b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages,
(c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota,
(d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations,
(e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury,
(f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 5 (a-f) are deleted

2 North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute The covenants not to compete contained within the franchise agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law

3 The site of any mediation or arbitration of the parties' disputes will be at a site mutually agreeable to all parties If all parties cannot agree upon a location, the arbitration or mediation will be Fargo, North Dakota

4 Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this addendum

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

FRANCHISEE (For an entity)

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________

FRANCHISEE (For an individual)

Signature ______________________
Printed Name ______________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO YOGAFIT FRANCHISE AGREEMENT FOR THE STATE OF SOUTH DAKOTA

This Addendum pertains to franchises sold in the State of South Dakota and is for the purpose of complying with South Dakota statutes and regulations Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows

1 "As a condition to becoming registered to offer and sell franchises in the state of South Dakota, we have agreed to hold the initial franchise fee, the YOGAFIT® GO FAST Kit fee, the door access, security and surveillance system fee, and the FitnessOnDemand™ System fee (individually and collectively the "Initial Fees"), in an escrow account, until the you have commenced operation of the Studio (the "Impound Requirement") Therefore, notwithstanding anything to the contrary in the Agreement, upon payment, the Initial Fees will be deposited and held in escrow until you have commenced operation of the Studio You acknowledge and agree that by no later than 5 00 pm Central Standard Time on the first day the Studio opens for business, you and we will enter into a Release of Escrowed Funds Agreement, with which we will direct the depository to release all funds deposited in the escrow account, plus accrued interest, if any, to us You acknowledge and agree that the Initial Fees payments (plus accrued interest, if any), are fully earned by us when released from escrow and are not refundable

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of South Dakota law applicable to the provisions are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

3 All other provisions of the Agreement are hereby ratified and confirmed

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

FRANCHISEE (For an entity)

Name of Entity ____________________________

Signature ____________________________
Printed Name ____________________________
Title ____________________________

FRANCHISEE (For an individual)

Signature ____________________________
Printed Name ____________________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ____________________________
Printed Name Peter Taunton
Title President/CEO

ADDENDUM TO THE YOGAFIT FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows

1 The State of Washington has a statute, RCW 19 100 180 (the "**Act**") that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

2 In the event of a conflict of laws, the provisions of the Act shall prevail

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

4 In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

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

6 The undersigned does hereby acknowledge receipt of this addendum

7 Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment

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

FRANCHISEE (For an entity)

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________

FRANCHISEE (For an individual)

Signature ______________________
Printed Name ______________________

FRANCHISOR

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President/CEO

EXHIBIT D

FRANCHISEE LIST

YOGAFIT FRANCHISEES
OPEN STUDIOS *as of December 31, 2017*

Franchisee	Address	City	State	Phone
Estrella Yoga, LLC	626 North Alafaya Trail	Orlando	FL	407 519-1229
Anzalone Charles	1517 S Federal Hwy	Boynton Beach	FL	561 600 7822
Now and Zen Enterprises Inc	1715 Cape Coral Parkway West	Cape Coral	FL	239 443-4646
Wild Child Fitness LLC	22223 West 66th Street	Shawnee	KS	913 717-7322
Wild Child Fitness LLC	13349 West 135th Street	Overland Park	KS	913-717 0333
mplsMINDS Inc	1671 W County Road C	Roseville	MN	651 419 9100
YF Minneapolis LLC	4507 France Ave South	Minneapolis	MN	612 444-1991
YF Northeast Minneapolis LLC	520 1st Ave NE	Minneapolis	MN	612 444 2151
YF Loring Park Minneapolis LLC	112 West 14th Street	Minneapolis	MN	612-254-8500
Ananda Yoga LLC	301 Horsham Road Suite E	Horsham	PA	215 795-4600
Hill Country Franchise Management LLC	3111 TPC Pkwy	San Antonio	TX	210 998-5858
SAI YOGIS LLC	2865 McDermott Road	Plano	TX	214-400-5330

YOGAFIT FRANCHISEES
FRANCHISE AGREEMENT SIGNED BUT NOT OPEN
as of December 31, 2017

Franchisee	Address	City	State	Phone
Estrella Yoga, LLC	Orlando Ave and Banderas Ave	Ocoee	FL	407-519-1229
Estrella Yoga LLC	Michigan Street and Semoran Blvd	Orlando	FL	407-519 1229
Estrella Yoga, LLC	Lakemont Ave and Aloma Ave	Winter Park	FL	407-519 1229
Estrella Yoga, LLC	Sand Lake Road and John Young Pkwy	Orlando	FL	407-519 1229
Anzalone Charles	211 S Narcissus Avenue	West Palm Beach	FL	561-469 2759
Anzalone Charles	Green View Shores and Wellington Trace	Wellington	FL	561-469-2759
Wild Child Fitness LLC	Pfluum Road and 175th Street	Spring Hill	KS	913-717 0333
Wild Child Fitness LLC	Red Bridge Road and Blue River Road	Leawood	KS	913-717 0333
YF of St Louis Park LLC	West 26th Street and Lyndale Ave	Minneapolis	MN	612-254 8500
YF of St Louis Park, LLC	Chicago Ave South and South 6th Street	Minneapolis	MN	612-254 8500
YF of St Louis Park LLC	2nd Ave and 2nd Street	Minneapolis	MN	612-254 8500
YF of St Louis Park LLC	West 76th Street and France Ave	Edina	MN	612-254 8500
YF of St Louis Park LLC	Excelsior Blvd and Grand Way	St Louis Park	MN	612 254 8500
Wild Child Fitness LLC	187th and State Line Road	Kansas City	MO	913-717 0333
Wild Child Fitness LLC	3rd Street and Longview Road	Lee's Summit	MO	913-717 0333
Wild Child Fitness LLC	Westport Road and Belview Ave	Kansas City	MO	913-717 0333
Wild Child Fitness LLC	TBD	Liberty	MO	913 717 0333
Four Moon Life LLC	133 Water Street	Henderson	NV	702 895 0798

FORMER FRANCHISEES

FRANCHISEES WHO LEFT THE SYSTEM
during the 12-Month Period Ending December 31, 2017

Franchisee	City	State	Phone
YOGASPADA INC	Malden	MA	617 632 2945
YF of Broken Arrow LLC	Broken Arrow	OK	720-272 9253
K&L Brands Inc	Leander	TX	747-220 4190
My Yoga Business LLC	Houston	TX	281-576 1667

FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US
within 10 weeks of this disclosure document

Franchisee	City	State	Phone
Four Moon Life LLC	Henderson	NV	702-895-0798

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

CORPORATE AND AFFILIATE LOCATIONS
as of December 31, 2017

Studio	Studio Address	City	State	Zip Code	Phone Number
Excelsior	494 Water Street	Excelsior	MN	55331	(952) 401-8888

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

Operations Manual Table of Contents

TOPIC	NUMBER OF PAGES
Introduction to the Manual	4
Introduction to the Franchise System	4
Understanding Franchising	3
Pre-Opening Procedures	21
Studio Marketing Plan	10
Personnel	10
Daily Operating Procedures	28
Sales Procedures	1
Teacher Training	2
Marketing	8
Franchise Agreement Administration	3
Other Resources	1
TOTAL PAGES	**95**

EXHIBIT F

SAMPLE GENERAL RELEASE AGREEMENT

SAMPLE GENERAL RELEASE AGREEMENT
(Subject to change by YogaFit Franchising, LLC)

THIS GENERAL RELEASE AGREEMENT (this "Agreement") is made and entered into between **YogaFit Franchising, LLC**, a Minnesota limited liability company, ("we," "us" or "YOGAFIT"), **[FRANCHISEE]**, a Minnesota limited liability company ("you" or "Franchisee"), and [GUARANTOR], a resident of Minnesota (a "Guarantor") All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (as defined below)

RECITALS

A YOGAFIT and Franchisee are parties to a YOGAFIT Franchise Agreement dated ________________ (the "Franchise Agreement") pursuant to which Franchisee operates a YOGAFIT Studio located at _____________ (the "Studio")

B [NOTE Describe the circumstances relating to the release]

C In consideration of [INSERT CIRCUMSTANCES] and the representations set forth in the Recitals, subject to the provisions stated below, and Franchisee and Guarantor agree to settle all known and unknown disputes they may have against Franchisor, if any, that exist as of the Effective Date

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows

1 [NOTE Detail the terms and conditions of the release]

2 Release and Settlement of Claims

A Except as may be prohibited by applicable law, Franchisee and Guarantors (individually and as owners of Franchisee), for themselves and each of their respective heirs, successors, assigns, affiliates, shareholders, directors, officers, employees and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties" for purposes of this Section 2), release and forever discharge us, our predecessors, successors, affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "Franchisor Parties" for purposes of this Section 2) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee and us, the Studio, or the relationship between Franchisee and us through the Effective Date (collectively, "Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other agreement between Franchisee Parties and us or our affiliates through and including the Effective Date of this Agreement

B The release of Claims set forth in Section 2 A is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Parties against the Franchisor Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts The Franchisee Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and Release and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Agreement The Franchisee Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this Agreement The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 2

3 Miscellaneous This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof No amendment will be binding unless in writing and signed by the party against whom enforcement is sought All representations, warranties, agreements and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction will survive it

4 Representation by Counsel The parties have had adequate opportunity to consult with an attorney of their respective choice, including with respect to the release of Claims set forth herein

5 Governing Law/Venue This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law The parties further agree that any legal proceeding relating to this Agreement or the enforcement of any provision herein shall be brought or otherwise commenced only in the State or Federal courts of Minnesota

6 Counterparts This Agreement may be executed by the parties hereto in counterparts, and delivered by e-mail or facsimile, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date

YOGAFIT

YOGAFIT FRANCHISING, LLC

Signature ______________________
Printed Name Peter Taunton
Title President
Date ______________________

FRANCHISEE

Name of Entity ______________________

Signature ______________________
Printed Name ______________________
Title ______________________
Date ______________________

GUARANTOR

Signature ______________________
Printed Name ______________________
Date ______________________

EXHIBIT G
SAMPLE FINANCING DOCUMENTS

EXHIBIT G-1

Lease Servicing Center Sample Equipment Lease Agreement

EQUIPMENT LEASE AGREEMENT

Lease # ____________ Federal Tax # ____________

This document was written in 'Plain English' The words YOU and YOUR refer to the customer The words WE US and OUR refer to the Leasing Company Every attempt has been made to eliminate confusing language and create a simple, easy to read document

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER		STREET ADDRESS	
CITY	STATE	ZIP	PHONE

EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)

STREET	CITY	STATE / ZIP	COUNTY

SUPPLIER INFORMATION

NAME OF SUPPLIER		STREET ADDRESS	
CITY	STATE	ZIP	PHONE

LEASING COMPANY INFORMATION

NAME OF LEASING COMPANY **Lease Servicing Center, Inc**		STREET ADDRESS **220 22nd Avenue E**	
CITY **Alexandria**	STATE **MN**	ZIP **56308**	PHONE **(320) 763 7600**

EQUIPMENT INFORMATION

Quantity	Item Description	Model #	Serial #

PAYMENT INFORMATION

Advance Payment **$ 00** * Received * Plus Applicable Taxes Security Deposit **$ 00** Received

Term in months from Rent Commencement Date ____ (Rent Commencement Date is date Leasing Company pays for Equipment)

0	# PAYMENTS	**$ 00**	BASIC RENT PAYMENT	*	TAX	**$ 00***	TOTAL
0	# PAYMENTS	**$ 00**	BASIC RENT PAYMENT	*	TAX	**$ 00***	TOTAL
0	# PAYMENTS	**$ 00**	BASIC RENT PAYMENT	*	TAX	**$ 00***	TOTAL

END OF LEASE OPTIONS

You will have the following options at the end of the original term provided the lease has not terminated early and no event of default under the lease has occurred and is continuing

1 Purchase the equipment for $1 00
2 Renew the lease per Paragraph one of this lease
3 Return the equipment as provided in Paragraph seven of this lease
4 Other options attached if any **See attached purchase option**

YOU ACKNOWLEDGE THAT YOU, NOT THE LEASING COMPANY, HAVE SELECTED THE EQUIPMENT FROM AN INDEPENDENT SUPPLIER THIS AGREEMENT CAN'T BE CANCELED OR REVOKED FOR ANY REASON, EVEN IF YOU DON'T OR CAN'T USE THE EQUIPMENT

1 **MASTER AGREEMENT** You agree to rent from us the personal property described under ITEM DESCRIPTION above and in any supplements of this Master Agreement signed by both you and us from time to time (such property with any upgrades substitutions and additions is referred to as Equipment) You agree to all of the terms and conditions contained in this Agreement and any supplement which together are the complete and exclusive statement of your rights and remedies ("Agreement)

THIS SECTION IS TO BE FILLED OUT BY THE LEASING COMPANY

LEASING COMPANY ACCEPTANCE

Date

Lease Servicing Center Inc
Leasing Company

Signature

Title

ADDITONAL PROVISIONS OF YOUR AGREEMENT PRINTED ON THE REVERSE SIDE OF THIS PAGE ARE JUST AS IMPORTANT AS THOSE PRINTED ABOVE YOUR SIGNATURE WARRANTS YOU VE READ THE REVERSE SIDE TOO

CUSTOMER ACCEPTANCE

X
Date

Customer

X
Signature of

Title

(Continued from front side)

1 This Agreement may be modified only by another written agreement and not by your conversations with us or your behavior or our behavior in conducting business with each other The term of this Agreement will begin on the date we sign the lease (called the Rent Commencement Date ') and will continue from the first day of the following month for the number of consecutive months shown The number of consecutive months during which you pay Rent called the 'term will be extended automatically for successive 12 month periods unless you send us written notice you do not want it renewed at least thirty (30) days before the end of any term If any court declares a provision of this Agreement unenforceable that court shall enforce the remaining provisions just as if the unenforceable provision had never been part of the Agreement

2 RENT Rent will be payable in installments in advance each in the payment amount described as Basic Rent in PAYMENT INFORMATION plus applicable sales and use tax plus 1/12th of the yearly amount estimated by us to be personal property tax on the Equipment for each year of this Agreement with the first payment due on the rent commencement date You will pay the security deposit on the date you sign this Agreement We will have the right to apply all sums received from you to any amounts due and owed to us under the terms of this Agreement Even if the Agreement is terminated before Basic Rent is due the security deposit will be retained by us to compensate us for our documentation processing and other expenses

3 COMPUTER SOFTWARE Not withstanding any other terms and conditions of the Agreement you agree that as to software only a) We have not had do not have nor will have any title to such software b) You have executed or will execute a separate software license agreement to which we are not a party and have no responsibilities whatsoever in regards to such license agreement c) You have selected such software and as per Agreement paragraph 5 **WE MAKE NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE AND TAKE ABSOLUTELY NO RESPONSIBILITY FOR THE FUNCTION OR DEFECTIVE NATURE OF SUCH SOFTWARE**

4 OWNERSHIP OF EQUIPMENT You acknowledge that we have purchased the equipment at your request for your use but do not intend to transfer ownership of the Equipment to you You have the right to use the Equipment and to exercise your End of Lease Options only so long as you keep all your promises to us under this Agreement You agree that we have sole title to the Equipment (excluding software)

5 WARRANTIES **TO THE EXTENT PROVIDED BY ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (THE U C C ") OR OTHER LAW YOU MAY ENJOY WARRANTIES MADE BY THE MANUFACTURER OR SUPPLIER OF THE EQUIPMENT WE ARE NEITHER THE MANUFACTURER NOR THE SUPPLIER WE MAKE NO WARRANTY THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE YOU AGREE THAT YOU HAVE SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON YOUR OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY ANY SUPPLIER OR BY US WE DO NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT THE SUPPLIER IS NOT AN AGENT ASSIGNEE OR ASSIGNOR OF OURS AND NOTHING THE SUPPLIER STATES CAN AFFECT YOUR OBLIGATIONS UNDER THE AGREEMENT**

6 FINANCE LEASE STATUS You agree this agreement evidences a finance lease under MSA 336 2A 103(g) as amended You acknowledge that a)you rather than us selected the equipment from an independent Supplier and b) you have received a copy of the contract showing our purchase of the equipment from the Supplier **TO THE EXTENT PERMITTED BY APPLICABLE LAW YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES OTHER THAN BENEFITS UNDER MANUFACTURER S OR SUPPLIER S WARRANTIES CONFERRED UPON YOU BY ARTICLE 2A (508 522) OF THE U C C**

7 LOCATION OF EQUIPMENT You will keep and use the Equipment only at your address shown above and you agree not to move it unless we agree to it At the end of the Agreement s term you will return the Equipment to a location we specify at your expense in retail resalable condition full working order and in complete repair

8 LOSS OR DAMAGE You are responsible for the risk of loss or destruction of or damage to the equipment No such loss or damage relieves you from the payment obligations under this Agreement You will use the Equipment with due care and for the purpose for which it is intended You will maintain the Equipment in good repair condition and working order and will furnish at your expense all parts and services needed All furnished parts will immediately become our property and part of the Equipment of this lease You agree to promptly notify us in writing of any loss or damage and you will pay to us the present value of the total of all unpaid lease payments for the full lease term plus the estimated fair market value of the Equipment at the end of the originally scheduled term all discounted at six percent (6%) per year Any proceeds of insurance will be paid to us and applied at our option against any loss or damage

9 COLLATERAL PROTECTION AND INSURANCE You agree to keep the equipment fully insured against loss with us as loss payee in an amount not less than the replacement cost until this Agreement is terminated You also agree to obtain a general public liability insurance policy from anyone who is acceptable to us and to include us as an insured on the policy You agree to provide us certificates or other evidence of insurance acceptable to us before this Agreement begins or should you wish us to waive this requirement we will bill you and you will pay a monthly property damage surcharge of up to 0035 of the original equipment cost related to our administrative costs and credit risk and other costs and on which we may make a profit As long as you are not in default at the time of the loss (excluding losses resulting from intentional acts) the remaining balance owed on the Agreement will be forgiven You cannot be in default and benefit from this program NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF YOUR RESPONSIBILTY FOR INSURANCE COVERAGE ON THIS EQUIPMENT

10 INDEMNITY We are not responsible for any loss or injuries caused by the installation or use of the Equipment You agree to hold us harmless and reimburse us for loss and to defend us against any claim for losses or injury caused by the Equipment

11 TAXES AND FEES You agree to pay when due all taxes (including personal property tax fines and penalties) and fees relating to this Agreement or the Equipment If we pay any of the above for you you agree to reimburse us and to pay us a processing fee for each payment we make on your behalf In addition you also agree to pay us any filing fees prescribed by the Uniform Commercial Code or other law and reimburse us for all costs and expenses involved in documenting and servicing this transaction You further agree to pay us an origination fee in an amount up to $500 on the date the first payment due You also acknowledge that in addition to the lease payments we may assess and you may be required to pay additional taxes and/or fees Such fees many not only cover our costs they may also include a profit

12 ASSIGNMENT **YOU HAVE NO RIGHT TO SELL TRANSFER ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT** We may sell assign or transfer this Agreement You agree that if we sell assign or transfer this Agreement the new Leasing Company will have the same rights and benefits that we have now and will not have to perform any of our obligations You agree that the rights of the new Leasing Company will not be subject to any claims defenses or setoffs that you may have against us

13 DEFAULT AND REMEDIES If you do not pay any lease payment or other sum due to us or other party when due or if you break any of your promises in the Agreement or any other agreement with us you will be in default In addition we may declare you in default if any financial information you ve given us in relation to this Agreement is materially untrue if a Personal Guarantor dies or you or a Personal Guarantor becomes insolvent or the object of bankruptcy proceedings If any part of a payment is late you agree to pay a late charge of 15% of the payment which is late or $15 00 whichever is greater or the maximum charge allowed by law if less If you are ever in default we may retain your security deposit and at our option we can terminate or cancel this Agreement and require that you immediately pay the remaining balance of this Agreement including any purchase option (discounted at 6%) and/or return the equipment to us We may recover interest on the unpaid balance at the rate of 8% per annum We may also use any of the remedies available to us under Article 2A of the U C C as enacted in the State of Minnesota or any other law If we refer this Agreement to an attorney for collection you agree to pay our reasonable attorney s fees and actual court costs If we have to take possession of the equipment you agree to pay the cost of repossession **YOU AGREE THAT WE WILL NOT BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY US UNDER THIS AGREEMENT** You agree that any delay or failure to enforce our rights under this Agreement does not prevent us from enforcing any rights at a later time

14 FINANCIAL STATEMENTS You agree to provide updated financial information (including financial statements conforming to generally accepted accounting principles and/or tax returns) promptly upon the Leasing Company s request

15 SECURITY DEPOSIT The security deposit is to secure your performance under this Agreement You grant us a security interest in it under law called the Uniform Commercial Code You agree we may deposit the security deposit in our general accounts along with money belonging to us We will not be required to pay interest on the security deposit Any security deposit made may be applied by us to satisfy any amount owed by you in which event you will promptly restore the security deposit to its full amount as set forth above If all conditions herein are fully complied with and provided you have not ever been in default of this Agreement per paragraph 13 the security deposit will be refunded to you after the return of the equipment in accordance with paragraph 7

16 LAW You agree that this Agreement has been fully signed at our principal place of business It will be governed by and interpreted in relation to the internal state laws without regard to principles of conflict of laws of our principal place of business being Minnesota If it is necessary for us to get help from a court to enforce your promises under this Agreement you expressly consent to a court trial decided by any state or federal court without a jury whose territorial jurisdiction covers our principal place of business or if we assign our interest in the Agreement assignee s place of business or any other court chosen by us or our assignee which has jurisdiction over you

17 LIMITED PREARRANGED AMENDMENTS U C C FILINGS SPECIFIC POWER OF ATTORNEY In the event it is necessary to amend the terms of this Agreement to reflect a change in one or more of the following conditions (a) a change in rental payments to reflect a change in our actual cost of procuring the Equipment for your use under the terms of our purchase agreement with the Supplier or (b) description of the Equipment you agree that any such amendment shall be described in a letter from us to you and unless within 15 day after the date of such letter you object in writing to us this Agreement shall be deemed amended and such amendments incorporated herein as if originally set forth
YOU APPOINT US YOUR ATTORNEY IN FACT AND AUTHORIZE US TO SIGN AND FILE ON YOUR BEHALF ANY DOCUMENT WE DEEM NECESSARY TO PERFECT OR PROTECT OUR INTEREST IN THE EQUIPMENT INCLUDING U C C FINANCING STATEMENTS OR AMENDMENTS INSERT A DATE IN ACCEPTANCE OF DELIVERY IF BLANK CONFORMING TO YOUR ORAL STATEMENT OF ACCEPTANCE AND FURTHER TO SIGN ENDORSE OR NEGOTIATE FOR OUR BENEFIT ANY INSTRUMENT REPRESENTING PROCEEDS FROM ANY POLICY OF INSURANCE COVERING THE EQUIPMENT

18 Titling and Registration We are owners of the equipment and should it be a titled vehicle you guarantee that the physical titling will be accomplished in a timely manner You also agree to provide us with the original title documentation This will be provided within 15 days of when you receive it from the titling authority If you should fail to do so you will be in default of this lease You further agree to pay a month to month unattained titling fee if we have not received the correct transferred title in our office

X ______________________________ ______________________________

Signature of Customer

OPTION OF LESSEE
$1.00 PURCHASE OPTION

Lease # _________ between Lease Servicing Center, Inc , Leasing Company and its assigns,
and __________________, Customer

Provided the lease has not terminated early and no event of default has occurred, customer shall have the following option at the end of the original term

BUY Purchase the equipment for $1 00

This amount is payable in a single sum immediately upon expiration of the lease

OR

RETURN Return the equipment to a location designated by Leasing Company

The options provided for in this $1 00 Purchase Option supersede all other options contained in the original Agreement

Lease Servicing Center, Inc	
Leasing Company	Customer
	X
Signature	Signature of
Title	Title

NOTE SIGNATURE MUST BE SAME AS ON LEASE

PERSONAL GUARANTY

To induce, Lease Servicing Center, Inc and its assigns to lease equipment to________________________________ pursuant to Lease No # ______ and all Supplements thereto

1 The undersigned hereby absolutely and unconditionally guarantees to owner full and prompt payment and performance when due of each and every obligation of customer under the Lease
2 The undersigned hereby waives (i) notice of the acceptance hereof by Owner and of the creation and existence of the Lease and (ii) any and all defenses otherwise available to a guarantor or accommodation party
3 This Guaranty is absolute and unconditional, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following, each of which Owner may agree to without the consent of the undersigned (a) any extension or renewal of the lease whether or not for longer than the original period, (b) any change in the terms of payment or other terms of the Lease or any collateral therefore or any exchanged, release of, failure to obtain any collateral therefore, (c) any waiver or forbearance granted to customer or any other or any other person, and (d) the application or failure to apply in any particular manner any payments or credits on the Lease or any other obligation customer may owe to owner
4 Owner shall not be required before exercising and enforcing its rights under the Guaranty first to resort for payment under the Lease to customer or to any other person or to any collateral The undersigned agrees not to obtain reimbursement or payment from customer or any other person obligated with respect to the Lease or from any collateral for the Lease until the obligations under the Lease have been fully satisfied
5 The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing the Lease whether or not the liability or customer under the Lease is discharged by such foreclosure
6 The undersigned shall be and remain liable for any deficiency following the initiation of bankruptcy or other insolvency actions affecting the Lease or the customer, whether or not the liability of the customer is discharged in whole or in part by such action
7 The undersigned agrees to pay all costs, expenses and attorneys' fees paid or incurred by owner in endeavoring to enforce the Lease and this Guaranty
8 If any payment from the customer or anyone else is applied to the Lease and is thereafter set aside, recovered, rescinded, or required to be returned for any reason (including as a preference in the bankruptcy of customer), the obligations under the Lease to which such payment was applied shall for purposes of this Guaranty be deemed to have continued in existence notwithstanding such applications, and this guaranty shall be enforceable as to such obligations as fully as if such applications had never been made
9 If more than one person signs this Guaranty, then the liability of the undersigned hereunder shall be joint and several, and this Guaranty shall be enforceable in full against each of the undersigned
10 This Guaranty shall be binding upon the estate, heirs, successors and assigns of the undersigned, and shall inure to the benefit of the successors and assigns of owner
11 By signing this Personal Guaranty, the undersigned authorizes owner to obtain their Credit Bureau Reports for credit and collections purposes

CONSENT TO LAW, JURISDICTION AND VENUE **The subject Lease shall be deemed fully executed and performed in the state of owner's or its Assignee's principal place of business and shall be governed by and construed in accordance with the law thereof If the owner or its Assignee shall bring any judicial proceeding in relation to any matter arising under the Lease Agreement and/or this guaranty, the undersigned hereby irrevocably agrees that any such matter may be adjudged or determined in any court or courts in the state of the owner's or its Assignee's principal place of business, or any U S federal court sitting in the state of the owner's or its Assignee's principal place of business, or in any court or courts in customer's state of residence, or in any other court having jurisdiction over the customer or assets of the customer, all at the sole election of the owner The undersigned hereby irrevocably submits generally and unconditionally to the jurisdiction of any such court so elected by owner or its Assignee in relation to such matters**

____
Date

____
Name of Guarantor

X_____________________________
Signature of

____
Address

____
City / State / Zip Code

DELIVERY AND ACCEPTANCE CERTIFICATE

Equipment Lease Agreement #________ between Lease Servicing Center, Inc , Lessor, and ______________ ________Lessee

You certify that all the Equipment listed in said Equipment Lease Agreement has been furnished and that delivery and installation has been fully completed and satisfactory Further, all conditions and terms of said Equipment Lease Agreement have been reviewed and acknowledged Upon your signing below, your promises herein will be irrevocable and unconditional in all respects You understand and agree that we have purchased the Equipment from the supplier, and you may contact the supplier foı your warranty rights, if any, which we transfer to you for the term of this lease Your approval as indicated below of our purchase of the Equipment from supplieı is a condition precedent to effectiveness of this lease

____
Delivery Date

____
Customer

X ____________________________________
Signature of

____
Title

EQUIPMENT SCHEDULE "A"

LEASE #

This Equipment Schedule "A" is to be attached to and become part of the Master Agreement dated ____________ by and between Lease Servicing Center, Inc , and its assigns and the undersigned, ____________________________

QUANTITY	ITEM DESCRIPTION	MODEL	SERIAL #

This Equipment Schedule "A" is hereby verified as correct by the undersigned Customer, who acknowledges receipt of a copy The undersigned gives Lease Servicing Center, Inc authorization to insert Serial Numbers into Equipment Schedule "A" upon installation of all equipment and receipt of final invoices

Customer ____________________________

Signature ____________________________

Title ____________________________

Schedule “D”

LEASE #

This Schedule “D” is to be attached to and become part of the Equipment Lease Agreement dated _________
This Schedule “D” is a description of the Suppliers for this Equipment Lease Agreement

Supplier Information

This Schedule “D” is hereby verified as correct by the undersigned Customer, who acknowledges receipt of a copy

Customer ______________________________

Signature **X** ______________________________
Signature of

Title ______________________________

RESOLUTION OF BOARD OF DIRECTORS

I, ________________________________, Secretary of ________________________, a corporation, and keeper of its records and corporate seal, do hereby certify that the following is a true and correct copy of a resolution duly adopted at a regular special (strike one) meeting of the Board of Directors of said corporation duly convened in accordance with the by-laws, on ___________

RESOLVED That

____
Name Title

____
Name Title

of this corporation, or any ________one/division________________of them, be and they are hereby authorized for and on behalf of this corporation, to lease equipment from Lease Servicing Center, Inc or its assigns

FURTHER RESOLVED That the said officer(s), be and they are hereby authorized, from time to time, to execute and deliver to Lease Servicing Center, Inc or its assigns, for and on behalf of this corporation, all the necessary instruments evidencing said leases, including notes, mortgages, assignments, and other income and assets, all upon such terms and conditions as to them shall seem proper

FURTHER RESOLVED That the foregoing resolution shall remain in effect until written notice of amendment or rescission shall have been received by Lease Servicing Center, Inc or its assigns and that receipt of such notice shall not affect any action taken prior thereto

I, ____________________________________, do hereby certify that I am the duly elected and qualified secretary and custodian of the records and corporate seal of ______________________________________

A corporation organized and existing under and by the virtue of the laws of the state of _____, that the foregoing is a true and correct copy of a certain resolution duly adopted in accordance with law and the by-laws of said corporation,

At a meeting of the Board of Directors of said Corporation convened and held at its office at
___________________ on _________________, at which meeting a quorum was present, and that such resolutions is now in full force and effect, and is duly recorded in the minutes of said meeting

IN WITNESS WHEREOF, I have affixed my name and Secretary and caused the corporate seal of said Corporation to hereunto affixed, on _______________

"SEAL"

____
Secretary

AUTHORIZATION AGREEMENT FOR ACH TRANSACTIONS

I (we) hereby authorize **Lease Servicing Center, Inc** to initiate **debit** entries to my (our) account(s) as indicated below and the financial institution name below, hereinafter called Financial Institution, to **debit** the same to such account I (we) agree to have available funds in my (our) account on the designated date to effect this transfer I (we) agree to pay any applicable fees for this service as disclosed in the Fee Schedule I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U S law

Lease / Agreement #

____
(Financial Institution Name - sending to)

____
(Address / City / State / Zip)

Type of Account _____ Checking _____ Savings

____________________ ____________________
(Routing Number) (Account Number)

Type of Transaction _x_ Debit ___ Credit ___ Loan

Payment Amt _____ @ ________
Transaction Fee ________
Transaction Amt _____ @ _*_____
* Plus applicable taxes late charges and renewal payments and applicable fees

(Frequency of Transfer) ____________ (Date/Day of Transfer) ________

If this date falls on a Saturday, Sunday, or bank holiday, this transfer will automatically be made on the following business day **There will be a $25 00 fee for all ACH items returned to us**

Lease Servicing Center will make every effort to complete this transfer unless circumstances beyond our control prevent the transfer, despite reasonable precautions that we have taken All terms and conditions of your account agreement apply to this agreement

______________________________ ______________________________
(Customer Name) (Date)

______________________________ X_____________________________
(Individual ID Number) (Signature of)

____
(Individual ID Number)

____
(Customer Name if applicable)

____
(Individual ID Number)

****Please attach a voided check**

INSURANCE VERIFICATION

DATED ______________ Lease #

Lease Servicing Center, Inc
220 22nd Ave E, Ste 106
Alexandria, MN 56308

This is to confirm that the equipment leased under Master Lease Agreement dated ___________ is or will be covered as required under the Lease (as defined under the Master Lease Agreement) for bodily injury, property damage and physical damage coverage, and other such risks as required by law Coverage shall in all ways be as stated in the then current SAPP Coverage Summary (example attached) as updated from time to time **Lease Servicing Center, Inc , and/or its successors or assigns, is to be named as Additional Insured and Loss Payee on the property coverage Thirty (30) days notice prior to CANCELLATION is to be given to Lease Servicing Center, Inc**

INSURANCE CO ______________________________

POLICY NUMBER ______________________________

AGENCY NAME ______________________________

AGENT NAME ______________________________

ADDRESS ______________________________

____

FAX NUMBER ______________________________

PHONE NUMBER ______________________________

Sincerely,

____
(Lessee's Name)

By ______________________________
(Signature of Officer of Lessee)

Title ______________________________

Signer Identification Addendum

(Must Be Completed For All Signers)

Lease #

Please include a copy of your valid driver's license including photo and signature (Front and back may be required in certain states)

ATTACH PHOTO IDENTIFICATION WITH SIGNATURE
Photocopy Clear & Legible Driver's License Here

X______________________________________

Signature of Driver's License Bearer,

ASSIGNMENT OF FRANCHISE AGREEMENT AND FRANCHISOR'S CONSENT

THIS ASSIGNMENT OF FRANCHISE AGREEMENT AND FRANCHISOR'S CONSENT, made (the "Assignment"), by ______________________________, an [Individual, corporation, LLC], (individually and collectively the "Lessee"), to Lease Servicing Center, Inc , a Minnesota corporation

WITNESSETH

WHEREAS, the Assignee and the Lessee have agreed that the Assignee shall lease to Lessee equipment pursuant to a Master Lease Agreement between them dated as of the date hereof (the "Agreement"),

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants, obligations, terms and conditions to be paid, kept and performed by Lessee under the Agreement and all Leases (as defined in the Master Lease Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries, successors and assigns (the "Assignee"), and Lessee (the Master Lease Agreement and all Leases, Schedules and attachments thereto (all as defined in the Master Lease Agreement) individually and collectively referred to as the "Lease"), the Lessee has granted the Assignee a security interest in certain assets of the Lessee pursuant to a security agreement, dated as of the date hereof (the "Security Agreement"), and

WHEREAS, the Assignee has required, as a condition of its entering into the Lease and pursuant to the Lease, that the Lessee further secure the Lease and Lessee's obligations thereunder by this Assignment and that the Franchisor consent to this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Lessee does hereby make this Assignment to the Assignee and the Franchisor does hereby consent to such Assignment as follows

The Lessee does hereby sell, assign, transfer and set over unto the Assignee all of the Lessee's right, title and interest in and to the franchise agreement(s) listed below (collectively and individually the "Franchise Agreement")

No __________ dated _____________, between ________________________________, as franchisee, and Snap Fitness, Inc , as franchisor (the "Franchisor")

The Lessee warrants and covenants that it has good right to sell transfer and assign the Franchise Agreement

The Assignee, and the Franchisor by executing the consent to this Assignment, agree that the Assignee does not assume any of the obligations or duties of the Lessee under or with respect to the Franchise Agreement unless and until the Assignee shall have given to the Franchisor written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Lessee under the Lease The Assignee may reassign its right, title and interest in the Franchise Agreement to any persons or entities in the Assignee's discretion upon notice to the Lessee but without any further requirement for the Lessee's consent, and any such reassignment shall be valid and binding upon the Lessee and as fully as if Assignee had expressly approved the same Assignee must obtain Franchisor's consent to such assignment and comply with all transfer conditions in the Franchise Agreement

The Lessee represents and warrants that there have been no prior assignments of the Franchise Agreement, that the Franchise Agreement is a valid and enforceable agreement, that neither party is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof The Lessee agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Franchise Agreement so long as this Assignment is in effect

The Lessee hereby irrevocably constitutes and appoints the Assignee as its attorney-in-fact to demand, receive, and enforce the Lessee's rights with respect to the Franchise Agreement, to make payments under the Franchise Agreement and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Lessee or, at the option of Assignee, in the name of the Assignee, with the same force and effect as the Lessee could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Assignee shall have no right under this Assignment to enforce the provisions of the Franchise Agreement until the Lessee shall be in default under its obligations to the Assignee under the Lease, Security Agreement, Guarantee or any instrument, document or agreement related thereto Upon the occurrence of any such default, the Assignee may, without affecting any of its rights or remedies against the Lessee under any other instrument, document or agreement, exercise its rights under this Assignment as the Lessee's attorney-in-fact or in any other manner permitted by law and, in addition, the Assignee shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Lessee hereby agrees to indemnify and hold the Assignee harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Assignee may become exposed, or which the Assignee may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Lessee, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Lessee, the Assignee and the Franchisor

IN WITNESS WHEREOF, the Lessee has executed this Assignment of Franchise Agreement on the day and year first above written

ASSIGNMENT OF PREMISES LEASE

THIS ASSIGNMENT OF PREMISES LEASE, made (the "Assignment"), by ____________________________, an [Individual, corporation, LLC] (individually and collectively the "Lessee"), to Lease Servicing Center, Inc , a Minnesota corporation ("Lessor")

WITNESSETH

WHEREAS, the Lessor and ____ ("Lessee") have agreed that the Lessor shall lease to Lessee equipment pursuant to a Master Lease Agreement between them dated as of the date hereof (the "Master Lease Agreement"),

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants, obligations, terms and conditions to be paid, kept and performed by Lessee under the Master Lease Agreement and all Leases (as defined in the Master Lease Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc including any of its affiliates, subsidiaries, successors and assigns (the "Lessor"), and Lessee (the Master Lease Agreement and all Leases, Schedules and attachments thereto (all as defined in the Master Lease Agreement) individually and collectively referred to as the "Equipment Lease"), the Lessee has granted the Lessor a security interest in certain assets of the Lessee pursuant to a security agreement, dated as of the date hereof (the "Security Agreement"), and

WHEREAS, the Lessor has required, as a condition of its entering into the Equipment Lease and pursuant to the Equipment Lease, that the Lessee further secure the Equipment Lease and Lessee's obligations thereunder by this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Lessee does hereby make this Assignment to the Lessor as follows

The Lessee does hereby sell, assign, transfer and set over unto the Lessor all of the Lessee's right, title and interest in and to the premises leases listed below (individually and collectively the "Premises Lease")

Dated _________, made by the Lessee, as tenant, and ___________________________ as landlord (the "Landlord")

The Lessee warrants and covenants that it has good right to sell transfer and assign the Premises Lease

The Lessor does not assume any of the obligations or duties of the Lessee under or with respect to the Premises Lease unless and until the Lessor shall have given to the Landlord written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Lessee under the Equipment Lease Upon giving such notice, Lessor may, at Lessor's sole discretion, assume the Premises Lease as is, or may negotiate with the Landlord terms more favorable to Lessor In the event of such assignment, Lessor shall assume no liability for monies owed or other liabilities relating to the Premises Lease that have accrued prior to the effective date of the notice provided by Lessor The Lessor may reassign its right, title and interest in the Premises Lease to any persons or entities in the Lessor's discretion upon notice to the Lessee and the Landlord but without any further requirement for the Lessee's consent, and any such reassignment shall be valid and binding upon the Lessee as fully as if it had expressly approved the same

The Lessee represents and warrants that, other than as provided in the lease addendum to the Franchise Agreement, there have been no prior assignments of the Premises Lease, that the Premises Lease is a valid and enforceable agreement, that neither party is in default to the other there under and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof No change in the terms of the Premises Lease shall be valid without the written approval of Lessor The Lessee agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Premises Lease so long as this Assignment is in effect

The Lessee hereby irrevocably constitutes and appoints the Lessor as its attorney-in-fact to demand, receive, and enforce the Lessee's rights with respect to the Premises Lease, to renegotiate the Premises Lease, to make payments under the Premises Lease and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Lessee or, at the option of Lessor, in the name of the Lessor, with the same force and effect as the Lessee could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Lessor shall have no right under this Assignment to enforce the provisions of the Premises Lease until the Lessee shall be in default under its obligations to the Lessor under the Equipment Lease, Security Agreement, Guarantee or any instrument, document or agreement related thereto Upon the occurrence of any such default, the Lessor may, without affecting any of its rights or remedies against the Lessee under any other instrument, document or agreement, exercise its rights under this Assignment as the Lessee's attorney-in-fact or in any other manner permitted by law and, in addition, the Lessor shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Lessee hereby agrees to indemnify and hold the Lessor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Lessor may become exposed, or which the Lessor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Lessee, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Lessee and the Lessor

IN WITNESS WHEREOF, the Lessee has executed this Assignment of Premises Lease on the day and year first above written

ASSIGNMENT OF TELEPHONE NUMBERS AND UTILITIES

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND UTILITIES, made (the "Assignment"), by ________________________________, an [Individual, corporation, LLC], (individually and collectively the "Lessee"), to Lease Servicing Center, Inc , a Minnesota corporation ("Lessor")

WITNESSETH

WHEREAS, the Lessor and Lessee have agreed that the Lessor shall lease to the Lessee equipment pursuant to a Master Lease Agreement between them dated as of the date hereof (the "Agreement"),

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants, obligations, terms and conditions to be paid, kept and performed by Lessee under the Agreement and all Leases (as defined in the Master Lease Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries, successors and assigns (the "Lessor"), and Lessee (the Master Lease Agreement and all Leases, Schedules and attachments thereto (all as defined in the Master Lease Agreement) individually and collectively referred to as the "Lease"), the Lessee has granted the Lessor a security interest in certain assets of the Lessee pursuant to a security agreement, dated as of the date hereof (the "Security Agreement"), and

WHEREAS, the Lessor has required, as a condition of its entering into the Lease and pursuant to the Lease, that the Lessee further secure the Lease and Lessee's obligations thereunder by this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Lessee does hereby make this Assignment to the Lessor as follows

The Lessee does hereby sell, assign, transfer and set over unto the Lessor all of the Lessee's right, title and interest in and to all telephone numbers, telephone listings, telephone directory advertisements, and utilities used in connection with the operation of Lessee's Snap Fitness franchise in which the equipment will be used (collectively and individually referred to as the "Assigned Items")

The Lessee warrants and covenants that it has good right to sell transfer and assign the Assigned Items

This Assignment is not effective unless and until the Lessor has given to the telephone company, utility or other required authority written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Lessee under the Lease Further, this Assignment may only be exercised in connection with the exercise of the assignment for the Franchise Agreement, which must be approved in advance by Franchisor in accordance with the terms of the Franchise Agreement Assignment In the event of such assignment, Lessor shall assume no liability for monies owed or other liabilities relating to the Assigned Items that have accrued prior to the effective date of the Assignment The Lessor may reassign its right, title and interest in the Assigned Items to any persons or entities in the Lessor's discretion upon notice to the Lessee but without any further requirement for the Lessee's consent, and any such reassignment shall be valid and binding upon the Lessee as fully as if each had expressly approved the same

The Lessee represents and warrants that, other than as provided in the Franchise Agreement, there have been no prior assignments of the Assigned Items, that it has a valid and enforceable agreement with the owners and licensors of the Assigned Items, that neither party under such agreements is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof No change in the terms of such agreements shall be valid without the written approval of Lessor The Lessee agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Assigned Items so long as this Assignment is in effect

The Lessee hereby irrevocably constitutes and appoints the Lessor as its attorney-in-fact to demand, receive, and enforce the Lessee's rights with respect to the Assigned Items, to make payments under the agreements related thereto and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Lessee or, at the option of Lessor, in the name of the Lessor, with the same force and effect as the Lessee could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Lessor shall have no right under this Assignment to enforce the provisions of the agreements related to the Assigned Items until the Lessee shall be in default under its obligations to the Lessor under the Lease, Security Agreement or any instrument, document or agreement related thereto Upon the occurrence of any such default, the Lessor may, without affecting any of its rights or remedies against the Lessee under any other instrument, document or agreement, exercise its rights under this Assignment as the Lessee's attorney-in fact or in any other manner permitted by law and, in addition, the Lessor shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Lessee hereby agrees to indemnify and hold the Lessor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Lessor may become exposed, or which the Lessor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Lessee, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Lessee and the Lessor

IN WITNESS WHEREOF, the Lessee has executed this Assignment of Telephone Numbers and Utilities on the day and year first above written

ASSIGNMENT OF MEMBERSHIP CONTRACTS

THIS ASSIGNMENT OF MEMBERSHIP CONTRACTS, made (the "Assignment"), by _________________________, an [Individual, corporation, LLC] (individually and collectively the "Lessee"), to Lease Servicing Center, Inc , a Minnesota corporation ("Lessor")

WITNESSETH

WHEREAS, the Lessor and ________________________________ ("Lessee") have agreed that the Lessor shall lease to the Lessee equipment pursuant to a Master Lease Agreement between them dated as of the date hereof (the "Agreement"),

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants, obligations, terms and conditions to be paid, kept and performed by Lessee under the Agreement and all Leases (as defined in the Master Lease Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries, successors and assigns (the "Lessor"), and Lessee (the Master Lease Agreement and all Leases, Schedules and attachments thereto (all as defined in the Master Lease Agreement) individually and collectively referred to as the "Lease"), the Lessee has granted the Lessor a security interest in certain assets of the Lessee pursuant to a security agreement, dated as of the date hereof (the "Security Agreement"), and

WHEREAS, the Lessor has required, as a condition of its entering into the Lease and pursuant to the Lease, that the Lessee further secure the Lease and Lessee's obligations thereunder by this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Lessee does hereby make this Assignment to the Lessor as follows

The Lessee does hereby sell, assign, transfer and set over unto the Lessor all of the Lessee's right, title and interest in and to all membership agreements related in any way to Lessee's Snap Fitness franchise which is the subject of the Master Lease Agreement (the "Membership Contracts")

The Lessee warrants and covenants that it has good right to sell transfer and assign the Membership Contracts

This Assignment is not effective unless and until the Lessor has given to the relevant member written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Lessee under the Lease Further, this Assignment may only be exercised in connection with the exercise of the assignment for the Franchise Agreement, which must be approved in advance by Franchisor in accordance with the terms of the Franchise Agreement Assignment In the event of such assignment, Lessor shall assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the Assignment The Lessor may reassign its right, title and interest in the Membership Contracts to any persons or entities in the Lessor's discretion upon notice to the Lessee but without any further requirement for the Lessee's consent, and any such reassignment shall be valid and binding upon the Lessee as fully as if each had expressly approved the same, provided however that any such reassignment may be exercised only to assign the Membership Contracts for membership in a Snap Fitness facility

The Lessee represents and warrants that, other than as provided in the Franchise Agreement, there have been no prior assignments of the Membership Contracts, that it has a valid and enforceable agreement with the members, that neither party under such agreements is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof The Lessee agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Member Contracts so long as this Assignment is in effect

The Lessee hereby irrevocably constitutes and appoints the Lessor as its attorney-in-fact to demand, receive, and enforce the Lessee's rights with respect to the Member Contracts, to make payments under the Member Contracts and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Lessee or, at the option of Lessor, in the name of the Lessor, with the same force and effect as the Lessee could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Lessor shall have no right under this Assignment to enforce the provisions of the Membership Contracts until the Lessee shall be in default under its obligations to the Lessor under the Lease, Security Agreement or any instrument, document or agreement related thereto Upon the occurrence of any such default, the Lessor may, without affecting any of its rights or remedies against the Lessee under any other instrument, document or agreement, exercise its rights under this Assignment as the Lessee's attorney in-fact or in any other manner permitted by law and, in addition, the Lessor shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Lessee hereby agrees to indemnify and hold the Lessor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Lessor may become exposed, or which the Lessor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Lessee, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Lessee and the Lessor

IN WITNESS WHEREOF, the Lessee has executed this Assignment of Membership Contracts on the day and year first above written

Signature Page for Assignments

- Assignment of Franchise Agreement & Franchisor's Consent
- Assignment of Premises Lease
- Assignment of Telephone Numbers and Utilities
- Assignment of Membership Contracts

Lessee

____
Signature

____
Date

____

______________, ______________
Print Name & Title

____
Address

____
City State Zip Code

____
Telephone

EXHIBIT G-2
Lease Servicing Center Sample Equipment Finance Agreement

EQUIPMENT FINANCE AGREEMENT

Agreement Number Federal tax ID#

This document was written in Plain English' The words YOU and YOUR refer to the customer The words WE US and OUR refer to the financer

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER DBA

STREET ADDRESS CITY STATE ZIP PHONE

BILLING NAME (IF DIFFERENT FROM ABOVE) BILLING STREET ADDRESS

CITY STATE ZIP PHONE

EQUIPMENT LOCATON (IF DIFFERENT FROM ABOVE)

SUPPLIER INFORMATION

NAME OF SUPPLIER STREET ADDRESS

CITY STATE ZIP PHONE

QUANTITY	ITEM DESCRIPTION	MODEL NO	SERIAL

TERMS

DOWN PAYMENT
_______ Payment of _______

ADVANCE PAYMENT
_______ Payments of _______

REMAINING MONTHLY PAYMENTS
_______ Payments of _______

Term in months
_______ (MOS)

Commencement Date _______

Payment Period is Monthly Unless Otherwise Indicated

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT, THIS AGREEMENT CANNOT BE CANCELLED OR TERMINATED

TERMS AND CONDITIONS

(THIS AGREEMENT CONTAINS PROVISIONS SET FORTH ON THE REVERSE SIDE ALL OF WHICH ARE MADE PART OF THIS AGREEMENT)

SECURED PARTY

DATED _______

SECURED PARTY Lease Servicing Center, Inc

SIGNATURE _______

TITLE Secretary / Treasurer

CUSTOMER AGREEMENT

DATED _______

CUSTOMER _______

SIGNATURE X _______
Signature of

TITLE _______

1 FINANCE AGREEMENT Subject to the terms of this Equipment Finance Agreement signed by you and us rather than pay cash price you have chosen to request we finance for you the purchase price of personal property described under ITEM DESCRIPTION in this Agreement (such personal property and any upgrades replacements repairs and additions referred to as Equipment) which you will use for business purposes only You hereby grant to us a first priority purchase money security interest in the Equipment and its proceeds to secure your obligations hereunder and under all other agreements with us and you agree to all of the terms and conditions contained in this Agreement which together are a complete statement of our agreement regarding the Equipment (this Agreement) This Agreement may be modified only by written agreement and not by course of performance This Agreement becomes valid upon execution by us and will begin on the commencement date for the number of consecutive months shown above You also agree to pay to us interim payments in the amount equal to 1/30th of the monthly payment multiplied by the number of days lapsing between the date on which the payment is made to supplier and the agreed upon first payment date If any provision of this Agreement is declared unenforceable the other provisions shall remain in full force and effect

2 PAYMENTS Payments will be paid monthly each in the amount of the monthly payment shown above plus any applicable tax You will pay the security deposit on the date you sign this Equipment Finance Agreement Subsequent payments will be due the first day of each payment period shown beginning after the first payment period We will have the right to apply all sums received from you to any amounts due and owed to us under the terms of this Agreement In the event this Agreement is not fully repaid the security deposit will be retained by us to compensate us for our documentation processing and other expenses If for any reason your check is returned for nonpayment a $25 00 bad check charge will be assessed

3 NONCANCELLABLE This is a noncancellable agreement and may not be cancelled or prepaid by you for any reason whatsoever You may prepay only in accordance herewith In the event this Agreement is paid off prior to end of full term you will pay us all amounts due plus all future payments discounted to a present value using 4% annual rate (in addition to all other accrued and unpaid charges including but not limited to fees and taxes) You will make all payments whether or not you are satisfied with the Equipment and without deduction for any claim you may have against the supplier of the Equipment or against us

4 Warranty Disclaimer **WE MAKE NO WARRANTY, EXPRESS OR IMPLIED OR THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE** YOU AGREE THAT YOU HAVE SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON YOUR OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY US WE DO NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT THE SUPPLIER IS NOT AN AGENT OF OURS AND NOTHING THE SUPPLIER STATES CAN AFFECT YOUR OBLIGATION UNDER THE AGREEMENT YOU WILL CONTINUE TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST SUPPLIER If Agreement includes financing for software licenses(s) then you agree that as to such software (a) we have not had do not have nor shall have any title to such software but instead is only providing financing for the license (b) You have executed or will execute a separate software license agreement and we are not a party to nor have any responsibilities whatsoever e g fees or other payments in regard to such license agreement and supplier is solely responsible for all support billing and collection of which may be done by us (c) You have selected such software (d) Your payment and other obligations under this Agreement shall in no way be diminished on account of or in any way related to the above said software license agreement and/or the supplier s obligations **WE MAKE ABSOLUTELY NO WARRANTY OF ANY KIND IN REGARDS TO SUCH SOFTWARE AND HAVE ABSOLUTELY NO RESPONSIBILITY FOR THE FUNCTION OR PERFORMANCE OF SUCH SOFTWARE**

5 Location of Equipment/Inspection You are the owner of the Equipment and will keep the Equipment free and clear of all liens and encumbrances and use only at your address shown above and you agree not to move it unless we agree to it in advance We may inspect the Equipment at any time during normal business hours

6 Loss or Damage You are the owner of the Equipment and are responsible for the risk of loss or for any destruction of or damage to the Equipment No such loss or damage relieves you from the payment obligations under this Agreement. You agree to promptly notify us in writing of any loss or damage and you will then pay to us the present value of the total of all unpaid payments for the full term all discounted at four percent Any proceeds of insurance will be paid to us and credited against the outstanding balance

7 COLLATERAL PROTECTION AND INSURANCE You agree to keep the equipment fully insured against loss with us as loss payee in an amount not less than the replacement cost until this Agreement is terminated You also agree to obtain a general public liability insurance policy from anyone who is acceptable to us and to include us as an insured on the policy You agree to provide us certificates or other evidence of insurance acceptable to us before this Agreement begins or should you wish us to waive this requirement we will bill you and you will pay a monthly property damage surcharge of up to 0035 of the original equipment cost related to our administrative costs and credit risk and other costs and on which we may make a profit As long as you are not in default at the time of the loss (excluding losses resulting from intentional acts) the remaining balance owed on the Agreement will be forgiven You cannot be in default and benefit from this program NOTHING IN THIS PARAGRAPH WILL RELIEVE YOU OF YOUR RESPONSIBILITY FOR LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT

8 Indemnity We are not responsible for any loss or injuries caused by the installation or use of the Equipment You agree to hold us harmless and reimburse us for loss and to defend us against any claim for costs losses or injury caused by the Equipment or its use or related to this Agreement Your indemnity obligation includes any cost expense or liability we incur including court costs attorney fees interest and penalties

9 TAXES AND FEES You agree to pay when due all taxes (including personal property tax fines and penalties) and fees relating to this Agreement or the Equipment If we pay any of the above for you you agree to reimburse us and to pay us a processing fee for each payment we make on your behalf In addition you also agree to pay us any filing fees prescribed by the Uniform Commercial Code or other law and reimburse us for all costs and expenses involved in documenting and servicing this transaction You further agree to pay us an origination fee in an amount up to $500 on the date the first payment due You also acknowledge that in addition to the lease payments we may assess and you may be required to pay additional taxes and/or fees Such fees many not only cover our costs they may also include a profit

10 **Assignment YOU HAVE NO RIGHT TO SELL, TRANSFER ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT You understand that we, without prior notice, have the right to assign this Agreement to another financing source without your consent You understand that the assignee will have the same rights and benefits but they do not have to perform any of our obligations You agree that the rights of assignee will not be subject to any claims, defenses or setoffs that you may have against us**

11 Default and Remedies If you do not pay any payment or other sum due to us or other party when due or if you break any of your promises in this Agreement or any other agreement with us you will be in default If any part of a payment is late you agree to pay a late charge of 15% of the payment which is late or if less the maximum charge allowed by law If you are ever in default we may retain your security deposit and at our option we can terminate or cancel this Agreement and require that you (1) pay the unpaid balance of this Agreement including accrued but unpaid payments discounted to present value at four percent per annum and (2) unless you have paid the amount in (1) return the Equipment to us to a location designated by us We may sell lease or otherwise dispose of all or any part of the Equipment at public or private sale with or without notice and may bid and purchase the Equipment or any of it at such sale The proceeds of sale lease or other disposition shall first be applied to all costs and expenses incurred in taking removing holding repairing and selling or otherwise disposing of the Equipment attorneys fees and court costs and our other obligations hereunder (excluding repayments) then to pay all sums remaining unpaid hereunder with any remaining surplus belonging to you You will be obligated to pay any deficiency remaining after such application of proceeds We may recover interest on any unpaid balance at the rate of 8% per annum We may also use any of the remedies available to us under Article 9 of the Uniform Commercial Code as enacted in the State of Minnesota or any other law If we refer this Agreement to an attorney for collection you agree to pay our reasonable attorney s fees and actual court costs If we have to take possession of the equipment you agree to pay the cost of repossession YOU AGREE THAT WE WILL NOT

BE RESPONSIBLE TO PAY YOU ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES FOR ANY DEFAULT BY US UNDER THIS AGREEMENT You agree that any delay or failure to enforce our rights under this Agreement does not prevent us from enforcing any rights at a later time and the exercise of any remedy shall not prevent the exercise of any other remedy It is further agreed that your rights and remedies are governed exclusively by this Agreement

12 UCC Filings You authorize us to record a UCC 1 financing statement or similar instrument electronically or otherwise to show our interest in the Equipment You agree to take any other action we request to protect our rights under this Agreement from time to time and that we may report a copy of this Agreement as a financing statement You will provide any landlord or mortgage waiver we request to protect our interest in the Equipment You authorize us to endorse your name to any notes checks or other instruments for the payment of money relating to the Equipment (including insurance)

13 Security Deposit Each security deposit is non interest bearing and is to secure you performance under this Agreement Any security deposit made may be applied by us to satisfy any amount owed by you in which event you will promptly restore the security deposit to its full amount as set forth above We may commingle the security deposit with other funds

14 Financial Statements You agree to provide updated financial information (including financial statements conforming to generally accepted accounting principles and/or tax returns) promptly upon the Leasing Company s request

15 Law and Jurisdiction This Agreement will be deemed fully executed and performed in Minnesota or the home state of our assignee as it may be assigned from time to time per Paragraph 10 This Agreement shall be governed by and construed in accordance with the laws of Minnesota or the laws of the home state of assignee You expressly and unconditionally consent to the jurisdiction and venue of any court in the State of Minnesota or assignee s home state and waive right to trial by jury for any claim or action arising out of or relating to this Agreement or the Equipment Furthermore you waive the defense of inconvenient forum In no event will this Agreement be enforced in any way that permits us to collect excessive interest If any interest payment hereunder exceeds the highest amount allowed by law it shall be reduced to such rate and the excess interest refunded to you In such event you agree we will not be subject to any penalties provided by law for collecting or charging interest in excess of lawful rates

X ______________________________ ____________

Signature of Title

PERSONAL GUARANTY

To induce Lease Servicing Center Inc ('Secured Party) to finance equipment to ____________(the ' Customer ') pursuant to Agreement No __________or pursuant and all Supplements thereto (the "Agreement)

1 The undersigned hereby absolutely and unconditionally guarantees to Secured Party full and prompt payment and performance when due of each and every obligation of Customer under the Financing Agreement

2 The undersigned hereby waives (i) notice of the acceptance hereof by Secured Party and of the creation and existence of the Agreement and (ii) any and all defenses otherwise available to a guarantor or accommodation party

3 This Guaranty is absolute and unconditional, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following each of which Secured Party may agree to without the consent of the undersigned a) any extension or renewal of the Agreement whether or not for longer than the original period, b) any change in the terms of payment or other terms of the Agreement or any collateral therefore or any exchanged release of or failure to obtain any collateral therefore, c) any waiver or forbearance granted to Customer or any other person and d) the application or failure to apply in any particular manner any payments or credits on the Agreement or any other obligation Customer may owe to Secured Party

4 Secured Party shall not be required before exercising and enforcing its rights under the Guaranty first to resort for payment under the Agreement to Customer or to any other person or to any collateral The undersigned agrees not to obtain reimbursement or payment from Customer or any other person obligated with respect to the Agreement or from any collateral for the Agreement until the obligations under the Agreement have been fully satisfied

5 The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing the Agreement whether or not the liability of Customer under the Agreement is discharged by such foreclosure

6 The undersigned shall be and remain liable for any deficiency following the initiation of bankruptcy or other insolvency actions affecting the Agreement or the Customer, whether or not the liability of the Customer is discharged in whole or in part by such action

7 The undersigned agrees to pay all costs expenses and attorneys fees paid or incurred by Secured Party in endeavoring to enforce the Agreement and this Guaranty

8 If any payment form the Customer or anyone else is applied to the Agreement and is thereafter set aside, recovered, rescinded, or required to be returned for any reason (including as a preference in the bankruptcy of Customer) the obligations under the Agreement to which such payment was applied shall for purposes of this Guaranty be deemed to have continued in existence notwithstanding such application and this guaranty shall be enforceable as to such obligations as fully as if such applications had never been made

9 If more than one person signs this Guaranty then the liability of the undersigned hereunder shall be joint and several and this Guaranty shall be enforceable in full against each of the undersigned

10 This Guaranty shall be binding upon the estate heirs, successors and assigns of the undersigned and shall inure to the benefit of the successors and assigns of Secured Party

11 By signing this Personal Guaranty, the undersigned authorizes Secured Party to obtain their Credit Bureau Reports for credit and collection purposes

CONSENT TO LAW, JURISDICTION AND VENUE The subject Agreement shall be deemed fully executed and performed in the state of owner's or its Assignee's principal place of business and shall be governed by and construed in accordance with the law thereof If the owner or its Assignee shall bring any judicial proceeding in relation to any matter arising under the Agreement and/or this guaranty, the undersigned hereby irrevocably agrees that any such matter may be adjudged or determined in any court or courts in the state of the owner's or its Assignee's principal place of business, or any U S federal court sitting in the state of the owner's or its Assignee's principal place of business, or in any court or courts in customer's state of residence, or in any other court having jurisdiction over the customer or assets of the customer, all at the sole election of the owner The undersigned hereby irrevocably submits generally and unconditionally to the jurisdiction of any such court so elected by owner or its Assignee in relation to such matters

X ______________________________
Date

____
Name of Guarantor

X ______________________________
Signature of

____
Address

____
City / State / Zip Code

DELIVERY AND ACCEPTANCE CERTIFICATE

Equipment Finance Agreement #_________ between Lease Servicing Center, Inc , Secured Party, and________________________, Customer

You certify that all the equipment listed in said Equipment Finance Agreement has been furnished, that delivery and installation has been fully completed and satisfactory Further, all conditions and terms of said Equipment Finance Agreement have been reviewed and acknowledged Upon your signing below, your promises herein will be irrevocable and unconditional in all respects You understand and agree that we have made payment for the equipment to the supplier, and you may contact the supplier for your warranty rights, if any, which we transfer to you for the term of this Agreement

____
Delivery Date

____
Customer

X____

____
Title

EQUIPMENT SCHEDULE "A"

Agreement #

This Equipment Schedule "A" is to be attached to and become part of that Schedule of Financed Equipment dated ____________________ by and between the undersigned and, Lease Servicing Center, Inc , Secured Party

Qty	Description	Model No	Serial No

This Equipment Schedule "A" is hereby verified as correct by the undersigned Customer, who acknowledges receipt of a copy The undersigned gives Lease Servicing Center, Inc authorization to insert Serial Numbers into Equipment Schedule "A" upon installation of all equipment and receipt of final invoices

Customer ____________________________________

Signature x___________________________________
Signature of

Title ____________________________________

Schedule "D"

Agreement #

This Schedule "D" is to be attached to and become part of the Equipment Finance Agreement dated

____

This Schedule "D" is a description of the Suppliers for this Equipment Finance Agreement

Supplier Information

This Schedule "D" is hereby verified as correct by the undersigned Customer, who acknowledges receipt of a copy

____

Customer

X ______________________________________

Signature of

____

Title

RESOLUTION OF BOARD OF DIRECTORS

I, ________________________________ Secretary of _________________________, a corporation, and keeper of its records and corporate seal, do hereby certify that the following is a true and correct copy of a resolution duly adopted at a regular special (strike one) meeting of the Board of Directors of said corporation duly convened in accordance with the by-laws, on _________________

RESOLVED That the

____
Name Title

____
Name Title

of this corporation, or any one of them, be and they are hereby authorized for and on behalf of this corporation, to finance equipment from Lease Servicing Center, Inc or its assigns

FURTHER RESOLVED That the said officer(s), be and they are hereby authorized, from time to time, to execute and deliver to Lease Servicing Center, Inc or its assigns, for and on behalf of this corporation, all the necessary instruments evidencing said Agreements, including notes, mortgages, assignments, and other income and assets, all upon such terms and conditions as to them shall seem proper

FURTHER RESOLVED That the foregoing resolution shall remain in effect until written notice of amendment or rescission shall have been received by Lease Servicing Center, Inc or its assigns, and that receipt of such notice shall not affect any action taken prior thereto

I, ____________________________________, do hereby certify that I am the duly elected and qualified secretary and custodian of the records and corporate seal of __________________________ , a corporation organized and existing under and by the virtue of the laws of the state of_____, that the foregoing is a true and correct copy of a certain resolution duly adopted in accordance with law and the by-laws of said corporation, at a meeting of the Board of Directors of said Corporation convened and held its office at ____________________________ on ___________________ at which meeting a quorum was present, and that such resolutions is now in full force and effect, and is duly recorded in the minutes of said meeting

IN WITNESS WHEREOF, I have affixed my name and Secretary and caused the corporate seal of said Corporation to hereunto affixed, on _____________________________

"Seal"

____
Secretary

AUTHORIZATION AGREEMENT FOR ACH TRANSACTIONS

Lease /Agreement #

I (we) hereby authorize **Lease Servicing Center, Inc** to initiate **debit** entries to my (our) account(s) as indicated below and the financial institution name below, hereinafter called Financial Institution, to **debit** the same to such account I (we) agree to have available funds in my (our) account on the designated date to effect this transfer I (we) agree to pay any applicable fees for this service as disclosed in the Fee Schedule I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U S law

____
(Financial Institution Name - sending to)

____
(Address / City / State / Zip)

Type of Account _____ Checking _____ Savings

______________ ______________
(Routing Number) (Account Number)

Type of Transaction _x_ Debit ___ Credit ___ Loan

Payment Amt _____ @ _________

Transaction Amt _____ @ _*_______

* Plus applicable taxes late charges and renewal payments and applicable fees

(Frequency of Transfer) ____________ (Date/Day of Transfer) ________

If this date falls on a Saturday, Sunday, or bank holiday, this transfer will automatically be made on the following business day
There will be a $25 00 fee for all ACH items returned to us

Lease Servicing Center, Inc will make every effort to complete this transfer unless circumstances beyond our control prevent the transfer, despite reasonable precautions that we have taken All terms and conditions of your account agreement apply to this agreement

______________________________ ______________________________
(Customer Name) (Date)

______________________________ X ______________________________
(Individual ID Number) (Signature of)

____
(Individual ID Number)

____
(Customer Name - if applicable)

____
(Individual ID Number)

****Please attach a voided check**

INSURANCE VERIFICATION

DATED ______________ Agreement #

Lease Servicing Center, Inc
220 22nd Ave E, Ste 106
Alexandria, MN 56308

This is to confirm that the equipment leased under Master Finance Agreement dated ___________ is or will be covered as required under the Agreement (as defined under the Master Finance Agreement) for bodily injury, property damage and physical damage coverage, and other such risks as required by law Coverage shall in all ways be as stated in the then current SAPP Coverage Summary (example attached) as updated from time to time **Lease Servicing Center, Inc , and/or its successors or assigns, is to be named as Additional Insured and Loss Payee on the property coverage Thirty (30) days notice prior to CANCELLATION is to be given to Lease Servicing Center, Inc**

INSURANCE CO ______________________________

POLICY NUMBER ______________________________

AGENCY NAME ______________________________

AGENT NAME ______________________________

ADDRESS ______________________________

____

FAX NUMBER ______________________________

PHONE NUMBER ______________________________

Sincerely,

____
(Customer s Name)

By ______________________________
(Signature of Officer of Customer)

Title ______________________________

Signer Identification Addendum

(Must Be Completed For All Signers)

Agreement #

Please include a copy of your valid driver's license including photo and signature (Front and back may be required in certain states)

ATTACH PHOTO IDENTIFICATION WITH SIGNATURE

Photocopy Clear & Legible Driver's License Here

X____

Signature of Driver's License Bearer,

ASSIGNMENT OF FRANCHISE AGREEMENT
AND FRANCHISOR'S CONSENT

THIS ASSIGNMENT OF FRANCHISE AGREEMENT AND FRANCHISOR S CONSENT, made (the "Assignment'), by ______________________________ an [Individual, corporation LLC] (individually and collectively the 'Debtor"), to Lease Servicing Center Inc a Minnesota corporation ("Assignee)

WITNESSETH

WHEREAS the Assignee and the Debtor have agreed that the Assignee shall finance for Debtor equipment pursuant to a Equipment Finance Agreement between them dated as of the date hereof (the "Agreement"),

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants obligations, terms and conditions to be paid, kept and performed by Debtor under the Agreement and all Finance Agreements (as defined in the Equipment Finance Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries successors and assigns (the 'Assignee), and Debtor (the Equipment Finance Agreement and all Agreements, Schedules and attachments thereto (all as defined in the Equipment Finance Agreement) individually and collectively referred to as the "Agreement'), the Debtor has granted the Assignee a security interest in certain assets of the Debtor pursuant to a Agreement, dated as of the date hereof and,

WHEREAS, the Assignee has required as a condition of its entering into the Agreement and pursuant to the Agreement, that the Debtor further secure the Agreement and Debtor s obligations thereunder by this Assignment and that the Franchisor consent to this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Debtor does hereby make this Assignment to the Assignee and the Franchisor does hereby consent to such Assignment as follows

The Debtor does hereby sell, assign, transfer and set over unto the Assignee all of the Debtor s right title and interest in and to the franchise agreement(s) listed below (collectively and individually the Franchise Agreement')

No ___ dated____________________ between _____________________, as franchisee, and Snap Fitness, Inc as franchisor (the Franchisor")

The Debtor warrants and covenants that it has good right to sell transfer and assign the Franchise Agreement

The Assignee, and the Franchisor by executing the consent to this Assignment agree that the Assignee does not assume any of the obligations or duties of the Debtor under or with respect to the Franchise Agreement unless and until the Assignee shall have given to the Franchisor written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Debtor under the Agreement The Assignee may reassign its right, title and interest in the Franchise Agreement to any persons or entities in the Assignee's discretion upon notice to the Debtor but without any further requirement for the Debtor's consent, and any such reassignment shall be valid and binding upon the Debtor and as fully as if Assignee had expressly approved the same Assignee must obtain Franchisor's consent to such assignment and comply with all transfer conditions in the Franchise Agreement

The Debtor represents and warrants that there have been no prior assignments of the Franchise Agreement, that the Franchise Agreement is a valid and enforceable agreement, that neither party is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof The Debtor agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Franchise Agreement so long as this Assignment is in effect

The Debtor hereby irrevocably constitutes and appoints the Assignee as its attorney-in-fact to demand, receive, and enforce the Debtor's rights with respect to the Franchise Agreement to make payments under the Franchise Agreement and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Debtor or, at the option of Assignee, in the name of the Assignee with the same force and effect as the Debtor could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly the Assignee shall have no right under this Assignment to enforce the provisions of the Franchise Agreement until the Debtor shall be in default under its obligations to the Assignee under the Agreement, Guarantee or any instrument document or agreement related thereto Upon the occurrence of any such default, the Assignee may, without affecting any of its rights or remedies against the Debtor under any other instrument, document or agreement, exercise its rights under this Assignment as the Debtor's attorney-in-fact or in any other manner permitted by law and in addition, the Assignee shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Debtor hereby agrees to indemnify and hold the Assignee harmless from and against any and all claims demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Assignee may become exposed, or which the Assignee may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Debtor, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives assigns and successors in interest of the Debtor, the Assignee and the Franchisor

IN WITNESS WHEREOF the Debtor has executed this Assignment of Franchise Agreement on the day and year first above written

ASSIGNMENT OF PREMISES LEASE

THIS ASSIGNMENT OF PREMISES LEASE, made (the "Assignment') by ________________________, an [Individual corporation, LLC] (individually and collectively the "Debtor) to Lease Servicing Center, Inc a Minnesota corporation ('Creditor")

WITNESSETH

WHEREAS, the Creditor and ____________________________________ ("Debtor") have agreed that the Creditor shall finance for Debtor equipment pursuant to a Equipment Finance Agreement between them dated as of the date hereof (the Equipment Finance Agreement')

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants, obligations terms and conditions to be paid kept and performed by Debtor under the Equipment Finance Agreement and all Agreements (as defined in the Equipment Finance Agreement) currently or subsequently entered into thereunder between Lease Servicing Center Inc, including any of its affiliates subsidiaries, successors and assigns (the "Creditor"), and Debtor (the Equipment Finance Agreement and all Agreements, Schedules and attachments thereto (all as defined in the Equipment Finance Agreement) individually and collectively referred to as the "Agreement'), the Debtor has granted the Creditor a security interest in certain assets of the Debtor pursuant to the Agreement dated as of the date hereof and,

WHEREAS, the Creditor has required, as a condition of its entering into the Agreement and pursuant to the Agreement, that the Debtor further secure the Agreement and Debtor's obligations thereunder by this Assignment,

NOW THEREFORE in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Debtor does hereby make this Assignment to the Creditor as follows

The Debtor does hereby sell assign transfer and set over unto the Creditor all of the Debtor's right, title and interest in and to the premises leases listed below (individually and collectively the "Premises Lease")

dated ________________, made by the Debtor, as tenant, and _________________as landlord (the "Landlord")

The Debtor warrants and covenants that it has good right to sell, transfer and assign the Premises Lease

The Creditor does not assume any of the obligations or duties of the Debtor under or with respect to the Premises Lease unless and until the Creditor shall have given to the Landlord written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Debtor under the Agreement Upon giving such notice Creditor may, at Creditor's sole discretion, assume the Premises Lease as is or may negotiate with the Landlord terms more favorable to Creditor In the event of such assignment, Creditor shall assume no liability for monies owed or other liabilities relating to the Premises Lease that have accrued prior to the effective date of the notice provided by Creditor The Creditor may reassign its right, title and interest in the Premises Lease to any persons or entities in the Creditor's discretion upon notice to the Debtor and the Landlord but without any further requirement for the Debtor s consent, and any such reassignment shall be valid and binding upon the Debtor as fully as if it had expressly approved the same

The Debtor represents and warrants that, other than as provided in the lease addendum to the Franchise Agreement, there have been no prior assignments of the Premises Lease, that the Premises Lease is a valid and enforceable agreement that neither party is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof No change in the terms of the Premises Lease shall be valid without the written approval of Creditor The Debtor agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Premises Lease so long as this Assignment is in effect

The Debtor hereby irrevocably constitutes and appoints the Creditor as its attorney-in-fact to demand receive, and enforce the Debtor's rights with respect to the Premises Lease, to renegotiate the Premises Lease, to make payments under the Premises Lease and give appropriate receipts releases and satisfactions for and on behalf of and in the name of the Debtor or, at the option of Creditor in the name of the Creditor with the same force and effect as the Debtor could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly the Creditor shall have no right under this Assignment to enforce the provisions of the Premises Lease until the Debtor shall be in default under its obligations to the Creditor under the Agreement, Guarantee or any instrument document or agreement related thereto Upon the occurrence of any such default, the Creditor may, without affecting any of its rights or remedies against the Debtor under any other instrument, document or agreement, exercise its rights under this Assignment as the Debtor's attorney-in-fact or in any other manner permitted by law and, in addition, the Creditor shall have and possess without limitation any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Debtor hereby agrees to indemnify and hold the Creditor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Creditor may become exposed, or which the Creditor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Debtor, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Debtor and the Creditor

IN WITNESS WHEREOF, the Debtor has executed this Assignment of Premises Lease on the day and year first above written

ASSIGNMENT OF TELEPHONE NUMBERS AND UTILITIES

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND UTILITIES made (the "Assignment") by ________________________________, an [Individual, corporation, LLC], (individually and collectively the "Debtor) to Lease Servicing Center Inc a Minnesota corporation ("Creditor")

WITNESSETH

WHEREAS, the Creditor and Debtor have agreed that the Creditor shall finance for Debtor equipment pursuant to a Equipment Finance Agreement between them dated as of the date hereof (the "Agreement'),

WHEREAS to secure prompt payment when due of all amounts and performance of all covenants, obligations, terms and conditions to be paid, kept and performed by Debtor under the Agreement and all Agreements (as defined in the Equipment Finance Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries, successors and assigns (the "Creditor") and Debtor (the Equipment Finance Agreement and all Agreements, Schedules and attachments thereto (all as defined in the Equipment Finance Agreement) individually and collectively referred to as the 'Agreement"), the Debtor has granted the Creditor a security interest in certain assets of the Debtor pursuant to the Agreement, dated as of the date hereof and,

WHEREAS, the Creditor has required, as a condition of its entering into the Agreement and pursuant to the Agreement, that the Debtor further secure the Agreement and Debtor's obligations thereunder by this Assignment,

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Debtor does hereby make this Assignment to the Creditor as follows

The Debtor does hereby sell assign transfer and set over unto the Creditor all of the Debtor's right, title and interest in and to all telephone numbers, telephone listings, telephone directory advertisements, and utilities used in connection with the operation of Debtor's Snap Fitness franchise in which the equipment will be used (collectively and individually referred to as the "Assigned Items')

The Debtor warrants and covenants that it has good right to sell, transfer and assign the Assigned Items

This Assignment is not effective unless and until the Creditor has given to the telephone company utility or other required authority written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Debtor under the Agreement Further, this Assignment may only be exercised in connection with the exercise of the assignment for the Franchise Agreement, which must be approved in advance by Franchisor in accordance with the terms of the Franchise Agreement Assignment In the event of such assignment Creditor shall assume no liability for monies owed or other liabilities relating to the Assigned Items that have accrued prior to the effective date of the Assignment The Creditor may reassign its right, title and interest in the Assigned Items to any persons or entities in the Creditor's discretion upon notice to the Debtor but without any further requirement for the Debtor's consent, and any such reassignment shall be valid and binding upon the Debtor as fully as if each had expressly approved the same

The Debtor represents and warrants that, other than as provided in the Franchise Agreement, there have been no prior assignments of the Assigned Items, that it has a valid and enforceable agreement with the owners and licensors of the Assigned Items, that neither party under such agreements is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof No change in the terms of such agreements shall be valid without the written approval of Creditor The Debtor agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Assigned Items so long as this Assignment is in effect

The Debtor hereby irrevocably constitutes and appoints the Creditor as its attorney-in-fact to demand, receive, and enforce the Debtor's rights with respect to the Assigned Items, to make payments under the agreements related thereto and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Debtor or at the option of Creditor in the name of the Creditor with the same force and effect as the Debtor could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Creditor shall have no right under this Assignment to enforce the provisions of the agreements related to the Assigned Items until the Debtor shall be in default under its obligations to the Creditor under the Agreement or any instrument, document or agreement related thereto Upon the occurrence of any such default the Creditor may, without affecting any of its rights or remedies against the Debtor under any other instrument, document or agreement, exercise its rights under this Assignment as the Debtor's attorney-in-fact or in any other manner permitted by law and, in addition, the Creditor shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code as enacted in the jurisdiction where enforcement is sought, or otherwise provided by law

The Debtor hereby agrees to indemnify and hold the Creditor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys fees) to which the Creditor may become exposed, or which the Creditor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Debtor this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Debtor and the Creditor

IN WITNESS WHEREOF, the Debtor has executed this Assignment of Telephone Numbers and Utilities on the day and year first above written

ASSIGNMENT OF MEMBERSHIP CONTRACTS

THIS ASSIGNMENT OF MEMBERSHIP CONTRACTS made (the "Assignment) by________________________________, an [Individual, corporation, LLC] (individually and collectively the "Debtor"), to Lease Servicing Center Inc , a Minnesota corporation ('Creditor")

WITNESSETH

WHEREAS, the Creditor and ____ ('Debtor") have agreed that the Creditor shall finance for Debtor equipment pursuant to a Equipment Finance Agreement between them dated as of the date hereof (the "Agreement")

WHEREAS, to secure prompt payment when due of all amounts and performance of all covenants obligations, terms and conditions to be paid, kept and performed by Debtor under the Agreement and all Agreements (as defined in the Equipment Finance Agreement) currently or subsequently entered into thereunder between Lease Servicing Center, Inc , including any of its affiliates, subsidiaries successors and assigns (the "Creditor") and Debtor (the Equipment Finance Agreement and all Agreements, Schedules and attachments thereto (all as defined in the Equipment Finance Agreement) individually and collectively referred to as the "Agreement"), the Debtor has granted the Creditor a security interest in certain assets of the Debtor pursuant to the Agreement, dated as of the date hereof and,

WHEREAS, the Creditor has required, as a condition of its entering into the Agreement and pursuant to the Agreement, that the Debtor further secure the Agreement and Debtor's obligations thereunder by this Assignment,

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration which is hereby acknowledged, the Debtor does hereby make this Assignment to the Creditor as follows

The Debtor does hereby sell, assign, transfer and set over unto the Creditor all of the Debtor s right, title and interest in and to all membership agreements related in any way to Debtor s Snap Fitness franchise which is the subject of the Equipment Finance Agreement (the 'Membership Contracts")

The Debtor warrants and covenants that it has good right to sell, transfer and assign the Membership Contracts

This Assignment is not effective unless and until the Creditor has given to the relevant member written notice that it has affirmatively exercised its rights under this Assignment after the occurrence of a default by Debtor under the Agreement Further this Assignment may only be exercised in connection with the exercise of the assignment for the Franchise Agreement which must be approved in advance by Franchisor in accordance with the terms of the Franchise Agreement Assignment In the event of such assignment, Creditor shall assume no liability for monies owed or other liabilities relating to the Membership Contracts that have accrued prior to the effective date of the Assignment The Creditor may reassign its right, title and interest in the Membership Contracts to any persons or entities in the Creditor's discretion upon notice to the Debtor but without any further requirement for the Debtor s consent, and any such reassignment shall be valid and binding upon the Debtor as fully as if each had expressly approved the same, provided however that any such reassignment may be exercised only to assign the Membership Contracts for membership in a Snap Fitness facility

The Debtor represents and warrants that, other than as provided in the Franchise Agreement, there have been no prior assignments of the Membership Contracts, that it has a valid and enforceable agreement with the members, that neither party under such agreements is in default to the other thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof The Debtor agrees not to assign, sell, pledge or otherwise transfer or encumber its interest in the Member Contracts so long as this Assignment is in effect

The Debtor hereby irrevocably constitutes and appoints the Creditor as its attorney-in-fact to demand, receive, and enforce the Debtor s rights with respect to the Member Contracts, to make payments under the Member Contracts and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Debtor or, at the option of Creditor, in the name of the Creditor with the same force and effect as the Debtor could do if this Assignment had not been made

This Assignment is for security purposes only Accordingly, the Creditor shall have no right under this Assignment to enforce the provisions of the Membership Contracts until the Debtor shall be in default under its obligations to the Creditor under the Agreement or any instrument, document or agreement related thereto Upon the occurrence of any such default, the Creditor may, without affecting any of its rights or remedies against the Debtor under any other instrument, document or agreement exercise its rights under this Assignment as the Debtor s attorney-in-fact or in any other manner permitted by law and, in addition, the Creditor shall have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code as enacted in the jurisdiction where enforcement is sought or otherwise provided by law

The Debtor hereby agrees to indemnify and hold the Creditor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation, attorneys' fees) to which the Creditor may become exposed, or which the Creditor may incur, in exercising any of its rights under this Assignment

Subject to the aforesaid limitation on further assignment by the Debtor, this Assignment shall be binding upon and inure to the benefit of the heirs legal representatives, assigns, and successors in interest of the Debtor and the Creditor

IN WITNESS WHEREOF, the Debtor has executed this Assignment of Membership Contracts on the day and year first above written

Signature Page for Assignments.

- Assignment of Franchise Agreement & Franchisor's Consent
- Assignment of Premises Lease
- Assignment of Telephone Numbers and Utilities
- Assignment of Membership Contracts

DEBTOR(S)

(Date of the "Assignment)

Signature

,
Print Name & Title

Address

City State Zip Code

Telephone

EXHIBIT H
SAMPLE FOD AGREEMENT

Fitness On Demand
1630 Lake Drive West, Chanhassen, MN 55317
877-474-0505 | 952-368-2311 | sales@fitnessondemand247.com

Order Form

Company Information

Company Name ______________________

Company Contact ______________________ ______________________

Street Address ______________________

City ______________________ State/Province ______________________ Postcode ______________________

Country ______________________ Phone ______________________ Email ______________________

Facility Information

Facility Name ______________________

Facility Contact ______________________ ______________________

Street Address ______________________

City ______________________ State/Province ______________________ Postcode ______________________

Country ______________________ Phone ______________________ Email ______________________

Primary billing contact ○ Company Contact ○ Facility Contact

Provide credentials to ○ Company Contact ○ Facility Contact

Membership Plan ______________________ Membership Fee ______________________ Contract Term ______________________

FOD Representative ______________________ Offer Code ______________________ Reseller ______________________

Order Notes

Fitness on Demand, a division of Wholesale Fitness Supply, LLC
1630 Lake Drive West, Chanhassen, MN 55317
Phone 877-474-0505 | Fax 952-368-2311
info@fitnessondemand247 com

PAYMENT AUTHORIZATION

Shipping and Handling (one-time charge) $37 95

Credit Card No ____________________ Exp Date ________________ CCV _____

Bank Name ________________________ Routing No _______________ Account No _______________

Membership Fees (monthly during the Contract Term and any Renewal Terms)

__ Reciprocal (payment method designated above)

OR

__ Prepay Annually by __ Payment method designated above __ Invoice

Credit Card Authorization By signing below, I authorize Fitness On Demand, a division of Wholesale Fitness Supply, LLC ("Fitness On Demand"), to charge the account indicated above for all amounts due according to this Agreement I guarantee and warrant that I am the legal holder for this account, and that I am legally authorized to enter into this recurring billing agreement with Fitness On Demand I agree to indemnify, defend and hold Fitness On Demand harmless, against any liability pursuant to this authorization I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Fitness on Demand in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date

Signature ______________________________________

FITNESS ON DEMAND

Fitness on Demand, a division of Wholesale Fitness Supply, LLC
1630 Lake Drive West, Chanhassen, MN 55317
Phone 877-474-0505 | Fax 952-368-2311
info@fitnessondemand247 com

MASTER TERMS AND CONDITIONS

These FitnessOnDemand™ Master Terms and Conditions and any future orders and any other exhibits or attachments hereto or thereto (collectively the "Agreement") is entered into by and between Fitness On Demand, a division of Wholesale Fitness Supply, LLC, and Customer In the event of a conflict between page one of this Agreement (the "Order Form") and the Master Terms and Conditions, the Master Terms and Conditions prevail The Master Terms and Conditions apply to all future sales or orders by Fitness On Demand to Customer unless otherwise agreed in writing by the parties

1 **DEFINITIONS** *Company* means Fitness On Demand, a division of Wholesale Fitness Supply, LLC, a Minnesota limited liability company *Customer* means the purchaser identified on the Order Form *FOD System* means the FitnessOnDemand™ system through which automated group fitness classes can be offered and includes the Videos and operating software *Equipment* means the kiosk user-interface device and media hub provided by Company *Monthly Fee* means the monthly fee listed on the first page of the Order Form "*Contract Term* or "*Initial Term*" means the initial term identified on the Order Form and, together with any Renewal Terms, is the term of the license for each FOD System (See Section 4 1) *Core Content Package* means the base-level video content package included with Customer's Membership *Elective Content Package* means any optional video content package selected in addition to the Core Content Package *Videos* means the video content provided through the FOD System and includes the Core Content Package and Elective Content Package

2 **ORDER AND PAYMENT**

2 1 Orders All orders are subject to acceptance by the Company All monthly fees are non-refundable

2 2 Installation Customer is solely responsible for providing the hardware, third party software peripherals, internet connection and other computer equipment required to run the FOD System and completing the necessary electrical work for and installation of the FOD System Customer also is responsible for obtaining and paying for all permits, licenses, fees and certificates of inspection necessary for installation of the FOD System

2 3 Monthly Fee The Monthly Fee is due for each FOD System, plus applicable fees for any Elective Content Package and tax if applicable, and will be prorated for months of partial service Billing of the Monthly Fee will commence upon the earlier of the activation of the Equipment or 30 days after the shipment of the Equipment

2 4 Payment Terms If Customer fails to make any payment when due or any electronic payment is declined, a service charge of $20 will apply In addition, late payments will bear interest at a rate of 18% of the total amount due or the maximum legal interest rate, whichever is less If any amounts are 30 days or more overdue, then, without limitation of any of Company's rights at law, in equity, under this Agreement or otherwise, Company may suspend the license and services until paid in full Customer is responsible for ensuring that the billing information is accurate and current and signing a debit authorization form All payments are listed in and must be paid in United States dollars Unless otherwise noted, all prices are exclusive of any applicable shipping costs or taxes

3 **INTELLECTUAL PROPERTY**

3 1 License Subject to all the terms of this Agreement and Customer's payment of the Monthly Fee, Company grants Customer a non-exclusive, personal, revocable, non-assignable, non-sublicensable right to use the FOD System at the facility locations identified on the Order Form and Schedule 1 Other than the license granted, no right, title or interest in all or any portion of the FOD System is conveyed or assigned to Customer, either expressly or by implication, including any patents, copyrights, trade secrets, trademarks, trade names, or other intellectual property rights associated with the FOD System

3 2 Updates From time to time, Company will provide updates, modifications or new releases of the software and Videos for the FOD System Customer may use only the Videos approved by Company and must discontinue use of any Videos upon notice by Company Any update, modification or new release of the FOD System is subject to all the terms of this Agreement

3 3 Restrictions Customer may not (and may not permit its employees or any third parties to) (i) decompile, disassemble or otherwise reverse engineer or attempt to reconstruct the FOD System, (ii) alter or modify the FOD System, (iii) use any expired Videos or any third-party content, (iv) use the FOD System in any manner that violates any local, state, provincial, federal, or international law, rule, regulation or ordinance, (v) contest Company's rights to the FOD System or trademarks, or (vi) remove, obscure or alter any product identification, copyright or other notices

3 4 Trademarks Company hereby grants Customer a license to use the FitnessOnDemand™ trademarks and trade names (the "Trademarks") solely in connection with the FOD System as provided in this Agreement Customer agrees to comply with the Company's trademark usage policies

3 5 Confidentiality Customer acknowledges that the FOD System is proprietary to the Company and agrees that it will not disclose or permit any of its employees, agents or representatives to disclose to any party any data or information with respect to the FOD System (including any passwords and the terms of this Agreement) without Company's prior written consent This obligation shall continue during the terms of this Agreement and for a period of five (5) years thereafter, except with respect to trade secrets in which case such obligation will not expire

4 **TERM AND TERMINATION**

4 1 Term The Agreement is effective upon Company's acceptance of the Order and continues for the Initial Term Following the Initial Term, the Agreement automatically renews for successive one year terms ('Renewal Terms") unless either party gives 30 days' advance written notice prior to the end of the

FITNESS ON DEMAND

Fitness on Demand, a division of Wholesale Fitness Supply, LLC
1630 Lake Drive West, Chanhassen, MN 55317
Phone 877-474-0505 | Fax 952-368-2311
info@fitnessondemand247 com

Term or Renewal Term (as the case may be) or the Agreement is otherwise terminated in accordance with this Agreement

4 2 Term for Elective Content Packages The term for any Elective Content Package is month-to-month, and will automatically renew for successive month terms unless either party gives 30 days' written notice prior to the end of the then applicable term A change to any Elective Content Package, will not, of itself, terminate this Agreement

4 3 Termination Either party may terminate this Agreement if the other party breaches any of its material terms or conditions and fails to cure each breach within 30 calendar days of written notice thereof, or, in the case of payment defaults, within 10 calendar days of written notice thereof

4 4 Consequences of Termination Upon termination or expiration of this Agreement, Customer shall cease use of the FOD System and any Trademarks, return to Company or destroy (at Company's option) any manuals or confidential materials, pay any amounts due in accordance with Section 4 5, and return the Equipment in accordance with Section 6 2

4 5 Payments upon Termination If Customer terminates the Agreement before the end of the Initial Term, or the Company terminates the Agreement due to Customer's default, the amounts due plus all future payments through the end of the Initial Term (in addition to all accrued and unpaid charges including but not limited to fees and taxes), are immediately due upon termination Customer will make all payments without deduction for any claim Customer may have against Company Company reserves the right to charge these fees to the credit or debit card Customer has on file If Company uses an attorney or a collection agency to collect any money owed by Customer, or to assert any other right Company may have against Customer, Customer agrees to pay the reasonable costs of collection or other action, including but not limited to the costs of a collection agency, reasonable attorneys' fees and court costs

5 NO WARRANTY, LIABILITY, INDEMNIFICATION AND INSURANCE

5 1 NO WARRANTY EXCEPT AS PROVIDED HEREIN, THE FOD SYSTEM IS LICENSED "AS IS" WITHOUT WARRANTIES OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT Company does not represent or warrant that the Equipment or FOD System will operate uninterrupted or error free

5 2 LIMITATION OF LIABILITY EXCEPT FOR CUSTOMER'S OBLIGATIONS UNDER SECTIONS 3 (INTELLECTUAL PROPERTY) AND 5 3 (INDEMNIFICATION), TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER PARTY WILL BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL, OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS, EVEN IF THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED OR COULD HAVE REASONABLY BEEN FORSEEN IN NO EVENT WILL THE AGGREGATE LIABILITY WHICH COMPANY MAY INCUR IN ANY ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE EXCEED $10,000

5 3 Indemnification Customer must indemnify, defend, and hold Company and its officers, directors, employees, affiliates, agents, and assigns harmless from and against any claims, demand, action, cause of action, suit or proceeding (including reasonable attorneys' fees and costs) relating to or arising from Customer's use of the FOD System and trademarks, including but not limited to liabilities arising from bodily injury, including death, or property damage

5 4 Insurance During the term of this Agreement and any License Term, Customer must maintain and keep in force at its own expense, commercial general liability insurance with per location minimum limits of one million per occurrence and two million dollars in the aggregate

6 EQUIPMENT

6 1 Equipment Ownership Customer agrees that the Equipment will at all times remain the sole and exclusive property of Company Customer agrees that Company may make such filings and recordings as it determines are necessary to evidence Company's ownership rights in the Equipment and to execute any and all documents Company considers necessary for Company to make such fillings Customer has no right at any time to pledge, sell, mortgage, otherwise encumber, give away, remove, relocate, alter or tamper with the Equipment Customer is responsible for preventing the loss or destruction of the Equipment, and Company recommends that Customer keep the Equipment fully insured against loss in an amount not less than the replacement cost of the Equipment until this Agreement is terminated

6 2 Return of Equipment Customer must return the Equipment in good working order, normal wear and tear excepted, at Customer's expense within thirty (30) days following cancellation, termination or expiration of the Agreement for any reason If Customer does not return the Equipment undamaged and in working order, normal wear and tear excepted, Customer is responsible for, and must pay Company, the replacement cost of the Equipment Company reserves the right to charge this fee to the credit or debit card Customer has on file

6 3 Service and Repair of Equipment, Loss, Destruction or Damage Customer agrees to notify Company immediately if the Equipment is lost, destroyed, damaged, or in need of repair by contacting Company's customer support department During the Initial Term, Company will provide the necessary maintenance and repair of Equipment, and all such maintenance and repair must be performed by Company or its designee(s) Customer agrees that Company may charge Customer for replacement of the Equipment and for any repairs that are necessitated by any damage to, or misuse of, the Equipment Company reserves right to charge these fees to the credit or debit card Customer has on file Following the Initial Term, service or repair of the Equipment is not included and

FITNESS ON DEMAND

Fitness on Demand, a division of Wholesale Fitness Supply, LLC
1630 Lake Drive West, Chanhassen, MN 55317
Phone 877-474-0505 | Fax 952-368-2311
info@fitnessondemand247 com

Customer may be required to pay associated fees or enter into a new agreement with Company to obtain replacement or upgraded equipment

7 **GENERAL PROVISIONS**

7 1 Entire Agreement, Amendments This Agreement constitutes the entire agreement of the parties and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written Any modification of this Agreement must be in writing signed by both parties Nothing contained in any purchase order or Customer issued document will in any way serve to modify or add any terms or conditions to the sale, lease, finance or license of the FOD System pursuant to this Agreement

7 2 Assignment Customer may not sell, assign, license or sublicense or otherwise convey in whole or in part, by operation of law or otherwise, to any third party this Agreement without Company's prior written consent Company is entitled to assign the Agreement, in whole or in part, to any affiliate or to any entity to which it sells, transfers, conveys, assigns, or leases all or substantially all of its rights and assets and Customer hereby consents to such assignment

7 3 Independent Contractors Company and Customer are independent contractors This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties

7 4 Force Majeure Neither party shall be responsible for delays or failure in performance of this Agreement (other than failure to pay amounts due) to the extent that such party was hindered in its performance by any act of God, civil commotion, labor dispute, unavailability or shortages of materials or any other occurrence beyond its reasonable control

7 5 Notices Except where another method is specified in this Agreement, any notice, demand or other communication provided for in this Agreement must be in writing and (i) delivered personally, (ii) delivered by reputable overnight service (such as FedEx), or (iii) deposited in the mail, service or postage pre-paid, and addressed to the parties at the addresses on the Order Form Notices for the purpose of this Section will be deemed to have been received if mailed or delivered as provided in this Section

7 6 Dispute Resolution This Agreement is governed by the laws of the State of Minnesota without reference to its choice of laws rules and not including the provisions of the 1980 U N Convention on Contracts for the International Sale of Goods The parties hereby consent and submit to the jurisdiction of the federal or state courts for the state of Minnesota In the event of a dispute, the parties will first attempt to resolve the dispute through consultation and negotiation If not resolved by negotiation, any dispute arising out of or in connection with this Agreement must be referred to and finally resolved by arbitration under the then- current rules and procedures of the American Arbitration Association ("AAA") The seat or legal place of arbitration must be Minneapolis, Minnesota, U S A Customer agrees that in the event of breach of this Agreement by Customer, Company shall be entitled to injunctive relief to enforce the terms of this Agreement in addition to any other remedy Company might have In the event of litigation or other proceedings by Company to enforce or defend any term or provision of this Agreement, Customer agrees to pay all costs and expenses sustained by Company, including but not limited to, reasonable attorneys' fees Customer's sole and exclusive remedies under this Agreement are as expressly set forth in this Agreement THE PARTIES IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT

7 7 Miscellaneous Failure by either party to enforce a provision of this Agreement shall not be deemed a waiver of any other provision In the event any one or more of the provisions of this Agreement is deemed invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby The representations and warranties of the parties and any term which expressly or by its nature survive termination of this Agreement shall remain in full force and effect after termination or expiration of this Agreement This Agreement may be executed in counterparts and delivered by facsimile or electronic transmission, each of which will be deemed an original and all of which together constitute one instrument

Authorized Signatures

Customer	**Fitness On Demand** a division of Wholesale Fitness Supply, LLC
Signature ____________________	Signature ____________________
Name	Name
Title	Title
Date	Date

Fitness on Demand, a division of Wholesale Fitness Supply, LLC
1630 Lake Drive West, Chanhassen, MN 55317
Phone 877-474-0505 | Fax 952-368-2311
info@fitnessondemand247 com

SCHEDULE 1 FACILITY LIST

	Facility Name	*Street Address*	*Facility Contact Person*	*Phone / Email*
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

EXHIBIT I

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English Read this disclosure document and all agreements carefully

If YogaFit 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, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by state law) New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If YogaFit 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 state agencies listed in Exhibit A-2 to this disclosure document

Issuance Date April 3, 2018 or the Effective Date reflected on the State Effective Dates Page

I acknowledge receiving this Franchise Disclosure Document issued April 3, 2018 (or the date reflected on the State Effective Dates Page), including the following exhibits

EXHIBIT A-1 State Addenda to Disclosure Document, ***EXHIBIT A-2*** – List of State Administrators and List of Statements, ***EXHIBIT C*** – Sample Franchise Agreement and State Specific Addenda, ***EXHIBIT D*** – Franchisee Lists, ***EXHIBIT E*** – Operations Manual Table of Contents, ***EXHIBIT F*** – Sample General Release Agreement, ***EXHIBIT G*** – Sample Financing Documents, ***EXHIBIT H*** – Sample FOD Agreement, ***EXHIBIT I*** – Receipts

Date FDD Received ______________ Signed* ____________________________________

Print Name ____________________________________

Date FDD Received ______________ Signed* ____________________________________

Print Name ____________________________________

Date FDD Received ______________ Signed* ____________________________________

Print Name ____________________________________

Date FDD Received ______________ Signed* ____________________________________

Print Name ____________________________________

*Signed individually and as an authorized representative of the franchisee company

FRANCHISE SELLER'S NAME AND CONTACT INFORMATION

Peter Taunton, 2411 Galpin Ct , Suite 110, Chanhassen, MN 55317, Phone 952-474-5422

You should return one copy of the signed receipt by signing and dating it, and either mailing it to YogaFit Franchising, LLC at 2411 Galpin Ct, Suite 110, Chanhassen, Minnesota 55317, or faxing a copy to YogaFit Franchising, LLC at 952-474-5416 You may keep the second copy for your records

Copy for Franchisee

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Date FDD Received ______________ Signed* ______________________________

Print Name ______________________________

Date FDD Received ______________ Signed* ______________________________

Print Name ______________________________

Date FDD Received ______________ Signed* ______________________________

Print Name ______________________________

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Print Name ______________________________

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