

FRANCHISE DISCLOSURE DOCUMENT



Lendio Franchising, LLC
a Delaware limited liability company

4100 North Chapel Ridge Road, Suite 500
Lehi, Utah 84043

(801) 858-3322
www.lendio.com/franchise

Lendio Franchising, LLC offers a franchise for the operation of a Lendio® business that assists in obtaining loans and other short-term and long-term financial products and related services to owners of small businesses.

The total investment necessary to begin operation of a Business is from \$45,650 to \$117,100. This includes \$36,000 to \$53,500 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mark Cottle at 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah 84043; (801) 858-3322.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 29, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Mandatory Minimum Payment:** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

- (a) A prohibition on the right of a franchisee to join an association of 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 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2. BUSINESS EXPERIENCE	2
3. LITIGATION	4
4. BANKRUPTCY	4
5. INITIAL FEES	4
6. OTHER FEES	5
7. ESTIMATED INITIAL INVESTMENT	9
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	11
9. FRANCHISEE'S OBLIGATIONS	15
10. FINANCING	16
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	16
12. TERRITORY	22
13. TRADEMARKS	24
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	25
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	26
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	26
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	27
18. PUBLIC FIGURES	29
19. FINANCIAL PERFORMANCE REPRESENTATIONS	29
20. OUTLETS AND FRANCHISEE INFORMATION	30
21. FINANCIAL STATEMENTS	34
22. CONTRACTS	34
23. RECEIPTS	34

EXHIBITS

EXHIBIT A -	Financial Statements
EXHIBIT B -	Franchise Agreement (and exhibits)
EXHIBIT C -	List of State Administrators; Agents for Service of Process
EXHIBIT D -	Current and Former Franchisees
EXHIBIT E -	State Addenda
EXHIBIT F -	Sample Release of Claims
EXHIBIT G -	Disclosure Acknowledgment Agreement
EXHIBIT H -	State Effective Dates and Receipt Pages

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means Lendio Franchising, LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, limited liability company or partnership buys a franchise, “you” also may refer to the shareholders, officers and directors of the corporation, members of the limited liability company, or partners of the partnership.

The Franchisor

We are a Delaware limited liability company formed on April 8, 2016. Our principal place of business is at 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah 84043. Our telephone number is (801) 858-3322. Our agents for service of process are disclosed in Exhibit C.

Our Business Experience

We sell franchises for the operation of Lendio® business that assists in obtaining loans and other short-term and long-term financial products and related services to owners of small businesses (“Clients”) under the name “Lendio.” We began offering franchises in December 2016. We do not conduct business in any other line of business. We do not offer, and have not offered, franchises in any other line of business. We have not operated a business similar to those being franchised.

Our parent is Lendio, Inc. (“Parent”). The principal business address of Parent is the same as ours. Parent operates a business using the Lendio® mark in Utah and at other locations across the country. Parent engages in many of the same activities that you will perform as part of your Business operations and, through its separate marketing activities, obtains leads for Clients that it may pursue independent of your franchise operations. See Item 12 for further information. In addition, Parent’s business also involves a variety of related business activities that extend beyond the scope of the franchise offered under this disclosure document. As a result, Parent’s business is not substantially similar to the businesses operated under a franchise agreement. Parent does not offer, and has not offered, franchises in this or any other line of business.

Except as described above, we have no parents, affiliates or predecessors that are required to be disclosed in this Item 1.

Franchise Offered

You sign a “Franchise Agreement” to receive the right to own and operate a “Business” within a specified limited protected territory of primary responsibility (“TPR”), offering Designated Financial Products and Services we approve and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the “Marks” (as defined in Item 13), including the Mark “Lendio” (collectively, the “System”). For purposes of this disclosure document, the term “Designated Financial Products” means those loans and other short-term and long-term financial products we periodically designate and will make available to Clients to assist them in managing their business. “Services” means the assistance you will provide to Clients and prospective Clients in seeking and securing financing through one or more Designated Financial Products offered by third party lenders and suppliers and related services that we periodically designate for promotion to Clients through Lendio® businesses.

We or our affiliate will conduct certain Client support activities and services that we periodically determine, which will include reviewing and processing Client applications for Designated Financial

Products, reviewing Services you provide, communicating with lenders, assisting with the development of a business plan, and such other services as we periodically may designate in the Operations Manual.

We have established a franchisee referral program under which we will pay a franchisee a \$2,500 referral fee if the franchisee refers to us a qualified candidate who signs a franchise agreement and the franchisee satisfies other conditions of the program.

Market, Competition, Laws and Regulations

The typical Client includes small business owners that require loans and other short-term and long-term financial products and services to manage their businesses. We define a “small business” generally as a business with less than 100 employees. The market is well-developed. In addition to the activities we or our Parent may conduct (as further described in Item 12), your competition will include other lenders such as national, regional and local banks, credit unions, on-line small business lending marketplaces, other financial institutions, equipment leasing companies, and other alternative lenders.

In addition to laws and regulations that apply to businesses generally, federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Business, including those which regulate lending and data privacy. Certain states may require you to comply with specific licensing requirements. For example, some states will require you to obtain a loan broker’s license and may impose a minimum net worth requirement to obtain the license. Federal and state lending laws, including fair lending and equal credit regulations will apply to your Business. Among other restrictions, such laws and regulations prohibit discriminatory treatment toward potential borrowers. You must determine and comply with the regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

ITEM 2

BUSINESS EXPERIENCE

Brock Blake – Chief Executive Officer

Mr. Blake has served as our Chief Executive Officer and a member of our management board since April 2016. He also has served as the Chief Executive Officer and a director of Parent since February 2011.

Ben Davis - Chief Franchising Officer

Mr. Davis has served as our Chief Franchising Officer and Chairman of our management board since April 2016. He also has served as the Chief Revenue Officer of Parent since June 2018, and served as the Chief Franchising Officer of Parent from February 2016 to June 2018. Before joining Parent, Mr. Davis served as President of WBY Solutions, LLC, a franchise consulting services company, from July 2015 to February 2016 in Providence, Utah.

David Bedell - Chief Financial Officer

David Bedell has served as our Chief Financial Officer since October 2021. Mr. Bedell previously served as Chief Financial Officer for HireVue Inc. from January 2019 through October 2021 in South Jordan, Utah. Prior to that, Mr. Bedell served as Vice President of Finance for Instructure, Inc. from August 2015 through January 2019 in Cottonwood Heights, Utah.

Mark Cottle – Executive Vice President of Franchising

Mr. Cottle has served as Executive Vice President of Franchising since June 2018, and a member of our management board since October 2017. Mr. Cottle previously served as Vice President of Franchise Operations for Parent from October 2017 through June 2018. Prior to joining Parent, Mr. Cottle served as General Manager of Supply Dynamics in Cincinnati, Ohio from February 2016 to October 2017. Mr. Cottle served as President and COO of TruBlue Total House Care in Cincinnati, Ohio from June 2014 to February 2016.

Karen Peterson – Chief Marketing Officer

Mrs. Peterson has served as our Chief Marketing Officer since June 2020. Before joining Lendio, Ms. Peterson served as CMO for BrainStorm, Inc. from April 2018 to May 2020 in American Fork, Utah. From November 2004 to October 2017, she was the Senior Vice President of Marketing at Ancestry.com, Inc. in Lehi, Utah.

Brian Hosie – Vice President of Engineering

Mr. Hosie has served as the Vice President of Engineering of Parent since October 2017. Previously, Mr. Hosie served as the Senior Director of Engineering of Parent from January 2017 to October 2017, and as Lead Software Engineer for Parent from November 2015 until January 2017.

Kevin Jones – Vice President of Finance

Mr. Jones has served as the Vice President of Finance since July 2018. Previously, Mr. Jones served as Director of Business Intelligence for Parent from March 2017 through July 2018. Prior to joining Parent, Mr. Jones served as Director of FP&A for Green River Capital in Midvale, Utah, from July 2016 through March 2017, and as Accounting and Finance Manager from April 2010 through July 2016.

Mike Baguley – Director Franchise Sales

Mr. Baguley has served as Director Franchise Sales since August 2018. Mr. Baguley has also served as President of Kimber Ventures Inc., dba Comfort Keepers, since June 2016 in Saratoga Springs, Utah. Prior to joining Parent, Mr. Baguley served as Director, Global Business Development with PathWise Inc. from October 2011 through April 2016 in American Fork, Utah.

Chad Carter – Director Franchise Operations

Mr. Carter has served as Director Franchise Operations since April 2019. Previously, Mr. Carter served in various positions at England Logistics from August 2012 through April 2019, including that of Senior Coaching Manager from November 2018 through April 2019.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us an “Initial Franchise Fee” when you sign the Franchise Agreement. The Initial Franchise Fee is \$46,000 for new franchisees and \$34,500 for existing franchisees. Our territories are mapped to encompass roughly the same number of small businesses located within each TPR. Franchisees will receive a TPR that includes up to 30,000 small businesses. These fees do not include the additional amount due for the Opening Kit.

We are a member of the International Franchise Association (“IFA”), and support and participate in IFA’s VetFran Program. If you are an honorably discharged veteran who meets our qualifications for new Lendio® franchisees, we will discount the Initial Franchise Fee by 10% for the initial TPR purchased. The Initial Franchise Fee is not refundable under any circumstances.

If you are a new franchisee, you also must purchase a non-refundable “Opening Kit” from us for \$7,500. Existing franchisees must purchase a non-refundable more limited Opening Kit for \$1,500. You must pay for the Opening Kit when you sign the Franchise Agreement. The Opening Kit for new franchisees includes the cost of registration for one individual to attend the first franchisee convention held after you sign the Franchise Agreement, the cost of at least three months of initial digital marketing activities we determine, grand opening event support, and the purchase of initial branded marketing materials for your use, which may include brochures, flyers, business cards and other miscellaneous items. The Opening Kit for existing franchisees includes basic marketing materials.

In our fiscal year ended December 31, 2021, we collected Initial Franchise Fees ranging from \$27,000 to \$46,000.

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Business Generation Fee	30% to 70% of Gross Revenues, subject to a minimum quarterly Business Generation Fee	Payable twice monthly by check or electronic funds transfer	See Notes 2, 3 and 6
Extraterritorial Fee	5% of Gross Revenues received respecting Clients serviced outside of your TPR	Payable at same time and in same manner as Business Generation Fee	See Notes 4 and 6
Shared Account Fee	30% of Gross Revenues received from a Client in another franchisee’s TPR	Payable at same time and in same manner as Business Generation Fee	We will remit this amount to the local franchisee

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Technology Fee	Currently \$300 per month	Payable at same time and in same manner as Business Generation Fee	<p>If you have more than 4 users, you must pay an additional monthly fee of \$100 for each additional user</p> <p>We may increase this fee upon 60 days' notice to you, provided we will not increase it more than 25% in a 12-month period</p> <p>See Note 6, Item 11</p>
Brand Fund Fee	2% of Gross Revenues, subject to a monthly minimum fee	Payable at same time and in same manner as Business Generation Fee	See Notes 5 and 6
Approved Supplier/Product Testing Fee	Will vary under circumstances	Payable when you request our approval of a proposed supplier or product	
Assignment Fee	One-third of then-current initial franchise fee for transfers of the Franchise Agreement or involving a controlling interest in you; \$1,000 for any transfer not involving a controlling interest in you; no assignment fee due upon transfer to heirs or immediate family members	Before completion of transfer	You pay this fee when the transfer of interest occurs or, if applicable, when the Franchise Agreement is transferred
Assignment Referral Fee	The greater of: (i) 10% of the purchase price associated with the assignment, or (ii) 2,500		Payable if a transferee was introduced to you by us during the 18 month period immediately preceding the assignment, subject to applicable law
Renewal Fee	20% of our then-current initial franchise fee	At least 30 days before renewal of Franchise Agreement	
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us
Audit	Cost of audit, including travel and wages. Additionally, you must pay all unpaid amounts due to us with interest from the original due date.	30 days after billing	Must reimburse us for cost of audit if you fail to timely provide required information or fail to report any Gross Revenues
Interest Expenses	Up to the lesser of 18% per year or the maximum rate permitted by law	When due	Payable if you do not timely pay Business Generation Fee, Brand Fund Fee or other amounts owed to us or our affiliates
Insufficient Funds	\$100	When due	In addition to any interest expenses, you will pay us a service charge of \$100 if at any time you do not maintain sufficient funds in your account or otherwise fail to pay us or our affiliates amounts owed when due.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Business is located, as well as any assessment on fees and any other income we receive from you	Payable at same time and in same manner as Business Generation Fee	Only imposed if state collects these taxes or assessments
Insurance	Cost of insurance	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance
Additional Training or Operating Assistance	Will vary under circumstances	When incurred	We may provide you with additional training or operating assistance
Annual Convention	Estimated to be \$1,000 to \$1,800 per attendee	When incurred	We periodically may hold or sponsor franchise conventions and meetings. Your Managing Principal (as defined in Item 15) must attend, at your expense, all mandatory franchise conventions and meetings we may hold.
Management Services	Will vary under circumstances	When incurred	See Note 7

Notes:

1. Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed.
2. “Gross Revenue” means the aggregate amount of all revenue you generate as a result of servicing Clients at or through the Business, including Origination Fee revenue and Services revenue (as defined in Item 8). The term “Gross Revenue” does not include: (1) any Supplier Incentives (as defined in the Franchise Agreement) that we may receive directly or indirectly as a result of your operation of the Business; (2) any federal, state, municipal or other sales or value added taxes relating to such revenue; (3) any processing or similar fees we pay to third parties to assist in the application of Small Business Administration (“SBA”) and certain other specialty loan products; or (4) adjustments for any reimbursement obligations to third party providers related to the cancellation of a Designated Financial Product involving a Client for which you received Origination Fee revenue as further described in Note 6 below. The term “Origination Fee” means the designated fee that typically is paid to the party that originates or generates a Client lead in connection with the application or issuance of a Designated Financial Product.
3. You will pay us a Business Generation Fee based on the Gross Revenue derived from Clients for which we identify you as the primary solicitor of Services as further described in the Operations Manual, subject to a minimum quarterly Business Generation Fee as further described below. For those Clients you serve outside of the Corporate Accounts Program (as defined below), you will pay us a Business Generation Fee equal to 30% of the Gross Revenue derived as a result of Services you provide to such Clients. For those Clients you serve through the Corporate Accounts Program, you will pay us a Business Generation Fee ranging from to 50% to 70% of the Gross Revenue derived as a result of Services you provide to such Corporate Accounts Program Clients, as further described in the Operations Manual. We may use a third-party service provider (for a fee) to assist in obtaining SBA or certain other loans. Any such third-party service provider will receive part of

the initial or origination fee. Total Business Generation Fees you pay to us during each calendar month must meet or exceed the applicable “Minimum Quarterly Business Generation Fee” identified in the table below. If total Business Generation Fees you pay us during any calendar quarter of the term of the Franchise Agreement do not meet or exceed the applicable Minimum Quarterly Business Generation Fee, you must pay us the difference between Business Generation Fees paid and the applicable Minimum Quarterly Business Generation Fee via electronic funds transfer on or before the 15th day of the following quarter.

Anniversary Year	Minimum Quarterly Business Generation Fee
1	\$0
2	\$3,000
3	\$6,000
4	\$9,000
5	\$12,000

The term “Anniversary Year” means the 12 month period beginning on the effective date of the Franchise Agreement and ending on the first anniversary thereof, and the 12 month period between each succeeding anniversary.

We operate a “Corporate Accounts Program” that is designed to generate Client leads as a result of national marketing, strategic alliances and partnerships, or other lead generation efforts we or our affiliates conduct or that otherwise involves Clients that have more than one business unit or office (one of which is located outside of your TPR), or that meet other qualifications that we periodically prescribe. We may permit you to participate in the Corporate Accounts Program and Service certain Client leads in your TPR under the terms of the Program as described in the Operations Manual or as we otherwise describe in writing.

4. If we authorize you to service a Client located outside of your TPR, in addition to the Business Generation Fee, you must pay us the Extraterritorial Fee. Any applicable Extraterritorial Fees will count toward the Minimum Quarterly Business Generation Fee described in Note 3 above.
5. Beginning 90 days following the effective date of the Franchise Agreement, you must begin paying us a monthly Brand Fund Fee equal to the greater of (i) 2% of Gross Revenues; or (ii) the following minimum amount:

Anniversary Year	Minimum Monthly Brand Fund Fee
1	\$100
2	\$200
3 – 5	\$300

The term “Anniversary Year” means the 12 month period beginning on the effective date of the Franchise Agreement and ending on the first anniversary thereof, and the 12 month period between each succeeding anniversary.

We will place all Brand Fund Fees we receive into a marketing and promotion fund (the “Brand Fund”), and will manage such fund, as described further in Item 11.

6. Except as otherwise provided in the Franchise Agreement, all Gross Revenues generated as a result of Services that you provide to Clients for which we identify you as the primary solicitor of Services will be paid directly to an account we designate. We or our affiliate will pay all Gross Revenues we or our designee actually receive in such account to you on a semi-monthly basis by electronic

transfer of funds less any amounts that you owe us for the Business Generation Fees, Extraterritorial Fees, Brand Fund Fees and Technology Fees due under the Franchise Agreement for the applicable period. Amounts we receive from the 1st to the 15th of each month (less fees) will be remitted on or before the 5th business day after the 15th. Amounts we receive from the 16th to the end of each month (less fees) will be remitted on or before the 5th business day after the last day of the month. If the net amount of Gross Revenues owed to you is less than the amounts you owe us under the Franchise Agreement for any monthly period, we may collect such amounts directly from you or by electronic transfer of funds on or before the 15th of the following month. If we or our affiliate must reimburse the provider for an Origination Fee respecting any Client for which we identify you as the primary solicitor of Services for any reason other than due to our breach of the Franchise Agreement or for gross negligence or willful misconduct, you must reimburse us for the net amount of related Gross Revenues paid to you. We may seek reimbursement of such amounts by deducting such amount from amounts we or our affiliate pay to you semi-monthly or by collecting such amounts directly from you or by electronic transfer of funds on or before the 15th of the following month. To the extent you directly receive any Gross Revenues respecting Services you may perform directly for Clients, you will pay us all applicable Business Generation Fees, Extraterritorial Fees, Brand Fund Fees and other fees by electronic transfer of funds or such other method of payment as we periodically may designate in writing on or before the 15th of the month following the month in which you received such Gross Revenues.

7. If at any time the Managing Principal (as defined in Item 15) is not managing the Business as described in Item 15, we may appoint a manager to maintain Business operations on your behalf. We may charge a reasonable fee for management services and cease to provide management services at any time.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 3)	\$34,500 to \$46,000	Lump Sum	When you sign the Franchise Agreement	Us
Opening Kit (See Note 4)	\$1,500 to \$7,500	Lump Sum	When you sign the Franchise Agreement	Us
Rent - 3 months (See Note 5)	\$0 to \$9,000	As Agreed Upon	As Incurred	Landlord
Utility & Security Deposits (See Note 5)	\$0 to \$1,000	As Agreed Upon	As Incurred	Various Suppliers
Leasehold Improvements (See Note 5)	\$0 to \$5,000	As Incurred	As Incurred	Various Suppliers
Furniture and Fixtures (See Note 6)	\$0 to \$2,500	As Incurred	As Incurred	Various Suppliers
Computer System, Equipment & Supplies (See Note 7)	\$1,000 to \$7,500	As Agreed Upon	Before Opening; As Incurred	Various Suppliers and Us

Type of Expenditure (See Note 1)	Amount (See Note 2)	Method of Payment	When Due	To Whom Payment Is To Be Made
Business Licenses (See Note 8)	\$250 to \$2,500	As Agreed Upon	As Incurred	State and local government, as applicable
Legal and Accounting Fees (See Note 9)	\$1,000 to \$2,500	As Agreed Upon	As Incurred	Various Suppliers
Initial Marketing Expenditures (See Note 10)	\$3,000 to \$12,000	As Agreed Upon	As Incurred	Various Suppliers
Insurance (See Note 11)	\$1,000 to \$1,500	As Agreed Upon	As Incurred	Various Suppliers
Technology Fees - 3 months	\$900	Lump Sum	Monthly	Us
Travel Expenses for Initial Training (See Note 12)	\$1,000 to \$7,200	As Incurred	Before Opening	Various Third Parties
Additional Funds - 3 months (See Note 13)	\$1,500 to \$12,000	As Incurred	As Incurred	Employees Suppliers
TOTAL (See Note 14)	\$45,650 to \$117,100			

Notes:

1. You must maintain a business address to serve as the office for the Business. You may either lease a space for the Business that we consent to, or operate the Business from a home office. We anticipate that most franchisees will elect to begin operations from a home office. If you elect to operate the Business from a storefront location, you will incur additional expenses as part of your initial investment as reflected in the table above, including additional costs related to rent, leasehold improvements, utilities and additional furniture and equipment.

If you elect to operate the Business from a home office, we may require you in the future to relocate the Business to a storefront site upon 12 months' prior written notice to you. If we require you to obtain a storefront location, you must use in constructing the premises only those types of construction and decorating materials, fixtures, equipment (including the Computer System as defined in Item 11), furniture, signs, décor items, flooring and trade dress (both interior and exterior) that we have approved for Lendio® businesses as meeting our specifications and standards for appearance, function and performance.
2. Except where otherwise noted, all fees that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable. As described in Item 10, we do not offer direct or indirect financing for your initial investment.
3. The low end of the range assumes that you are an existing franchisee and the high end of the range assumes that you are a new franchisee. See Item 5 above.
4. The Opening Kit for your first TPR includes the cost of registration for one individual to attend the first franchisee convention held after you sign the Franchise Agreement, the cost of at least three months of initial digital marketing activities we determine, grand opening event support, and the purchase of initial branded marketing materials for your use, which may include brochures, flyers, business cards and other miscellaneous items. The Opening Kit for additional TPRs will not include the cost of registration for our franchise convention, but will include basic marketing materials.

5. The low end of the range anticipates that you will operate the Business from a home office. The high range of the estimate anticipates that you will establish the Business at a separate storefront location.
6. This amount includes estimated expenses for basic office furniture and fixtures. The cost of purchasing furniture and fixtures will vary depending on any existing office furniture and fixtures you have, price differences between suppliers, and whether you establish the Business at a separate storefront location.
7. This amount includes estimated expenses for equipment and supplies used in the operation of your Business, including estimated expenses related to the Computer System (as defined in Item 11).
8. This amount includes estimates for business licenses and permits and will vary depending on local requirements. The high end of the range assumes that the Business is operated in a state that imposes additional licensing requirements.
9. This estimate reflects fees paid to attorneys, accountants and other business advisors to establish your Business.
10. This amount estimates expenses you will incur for marketing within your TPR before opening your Business and during the first three months of operation.
11. The insurance estimate reflects Business insurance costs for a period of three months.
12. You are responsible for all travel and accommodation costs and expenses for those persons you designate to attend training. The estimate included in the table above includes estimates for travel expenses for four persons to attend the initial training program.
13. This amount estimates the expenses you will incur during the first three months of Business operations, including labor-related expenses (wages and benefits). These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting your Business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, local economic conditions, the local market for financial products and services, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.
14. This total is an estimate of your pre-opening initial investment and the expenses you will incur during the first three months of Business operations. This total is based on our estimate of national average costs and prevailing market conditions and Parent's seven-plus years of experience. You should review this amount carefully with a business advisor before deciding to purchase the franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting or operating your Business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the Lendio® system, you must maintain and comply with our quality standards. We will provide you with our Operations Manual and various bulletins and notices that will contain these standards. As we determine trends in the marketplace or develop new marketing techniques, technologies, products and services, we anticipate that

we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Operations Manual, newsletters or other bulletins.

Designated Products and Services

You will only promote the Designated Financial Products and offer for sale the Services we designate and you cannot offer for sale or market through the Business any other financial products or services. We or our designees may be the designated or sole source of supply for certain services and products used in your Business. As described in Item 5, you must purchase the Opening Kit directly from us. You must also license certain proprietary software used in your Business from us, as further described in Item 11.

We or our affiliates may receive rebates or other payments from suppliers and manufacturers respecting sales of goods, products and/or services to you or in consideration for services provided or rights licensed to such persons, which payments may range from less than 1% up to 10% or more of the price paid for such products or services. We and our affiliates are entitled to such profits and consideration, including any and all “Supplier Incentives,” and retain sole discretion regarding the use of such amounts. For purposes of this disclosure document, the term “Supplier Incentives” means volume incentives, rebates and other amounts we may receive directly or indirectly from any supplier of Designated Financial Products and Services that do not constitute an Origination Fee.

Location of your Business; Real Estate Lease

You must maintain a business office within your TPR that meets our specifications. You may either lease a space for the Business that we consent to, or operate the Business from a home office. The location of the Business office must be within your TPR and approved by us. Regardless of whether you lease a space for the Business or operate the Business from a home office, the Business premises must meet our standards and requirements. We generally approve locations on a case by case basis, considering items such as size, appearance and other physical characteristics of the site, demographic characteristics and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). You may not sign a lease for any site until you provide us with a copy of the lease and have allowed us reasonable time to confirm that the lease contains certain mandated provisions. We reserve the right to reject the lease if the lease does not contain these provisions. You are not required to purchase, lease or sublease the Business premises from us or our affiliate.

If you elect to operate the Business from a home office, we may require you to develop and operate a storefront location for the Business upon 12 months’ prior written notice to you. If we require you to develop a storefront location, you must use in constructing and operating the Business only those types of construction and decorating materials, fixtures, equipment (including the Computer System), furniture, signs, décor items, flooring and trade dress (both interior and exterior) that we have approved for Lendio® businesses as meeting our specifications and standards for appearance, function and performance.

Computer Hardware And Software

You must purchase and use the Computer System we designate (including the Proprietary Software) from our designated third party supplier or other approved suppliers (if any). See Item 11 for further information.

Insurance

You must purchase and maintain, at your expense, all policies of insurance we require, including the following:

1. Comprehensive general liability insurance, including contractual liability and advertising injury coverage with a combined single limit of at least \$1,000,000 per occurrence;
2. Professional liability insurance, including contractual liability, cyber liability, cyber extortion, and network, security and privacy liability, with coverage of at least \$1,000,000 per occurrence or claim;
3. Worker's compensation, employer's liability and other insurance to meet statutory requirements;
4. Fire, vandalism, theft, burglary and extended coverage insurance with primary and excess limits of not less than 100% replacement value of the franchised facility and fixtures, equipment and inventory; and
5. Automobile liability insurance, including personal injury, wrongful death and property damage, for all vehicles used in the operation of the Business.

All insurance policies will: (1) be issued by our approved vendor of insurance services; (2) will name us and our affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each Lendio® business that you operate; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least two weeks before you open your Business and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

Advertising and Promotional Approval

You must use our designated business promotion materials and database management tools in promoting the Business. In addition to the business promotion materials we designate, we may develop, and make available to you, local business media planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. You will use only marketing, advertising and promotional materials we approve in promoting the Business. See Item 11 for further information regarding advertising programs.

Supplier and Product Approval

Aside from products and certain other items described above which you must purchase from us, our affiliates (if any) or a source we designate, we will provide you with lists of approved suppliers and approved products, equipment, or services necessary to operate your Business. You may not, without our

prior written approval, use in operating the Business any products or services not then authorized by us for Lendio® businesses. If you propose to use any non-financial product or service in operating the Business which we have not approved, you must first notify us in writing and provide sufficient information and specifications concerning the brand and/or supplier of the non-financial product or service to permit us to determine whether the brand complies with our specifications and standards, the supplier meets our approved supplier criteria and/or the services are consistent with our brand image as we determine. We will notify you within 90 days whether or not the proposed brand, supplier or service is approved. We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We reserve the right to charge each proposed supplier or you a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any non-financial product and service to be used in the Business. We retain the absolute discretion to determine and periodically modify and supplement the list of Designated Financial Products. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, financial stability, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

Miscellaneous

We may negotiate prices for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System. We attempt to receive volume discounts for the System.

During our last fiscal year ended December 31, 2021, we received \$141,471 as a result of franchisee purchases of goods, products and services, which represents 0.9% of the total \$ 15,181,629 revenue we received in 2021.

One or more of our officers have an interest in our Parent. No officer owns a material interest in any other supplier.

We estimate that the purchase or lease of products, equipment, the Computer System, signs, fixtures, furnishings, supplies, advertising and sales promotions materials and other items which meet our specifications will represent approximately 60% to 90% of the cost to develop the Business and 60% to 75% of the cost to operate your Business.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 6(A) of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 6(B) and 9(A) of Franchise Agreement	Items 7, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	Sections 6(A)-(B) and 7(A) of Franchise Agreement	Item 5, 7, and 11
d. Initial and ongoing training	Sections 7(A) -(B), 7(F) and 9(C) of Franchise Agreement	Items 7 and 11
e. Opening	Sections 6(D) and 15(A) of Franchise Agreement	Items 5 and 11
f. Fees	Sections 3(B), 4, 5, 6(B), 6(E), 7(A), 7(B), 7(E), 9(L), 11(C) and 14(B) and 19(D) of Franchise Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/ Operations Manual	Sections 5(E), 6, 7(C)-(D) and 9 of Franchise Agreement	Items 11 and 16
h. Trademarks and proprietary information	Sections 1(D), 1(I), 8 and 12 of Franchise Agreement	Items 13 and 14
i. Restriction on products/services offered	Sections 2 and 9(D) of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 9(E) of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Sections 2 and 9(K) of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 6(B), 9(D), and 9(I) of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3(B) and 9(A) of Franchise Agreement	Item 11
n. Insurance	Section 9(I) of Franchise Agreement	Items 6, 7 and 8
o. Advertising	Section 5 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 18 of Franchise Agreement	None
q. Owner's participation/ management/staffing	Sections 9(C) and (H) of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 10 of Franchise Agreement	Item 6
s. Inspections and audits	Section 11 of Franchise Agreement	Item 6
t. Transfer	Section 14 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 3 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 13(B), 13(D) and 17 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 13(A) and 13(C) of Franchise Agreement	Item 17
x. Dispute resolution	Section 19 of Franchise Agreement	Item 17

ITEM 10

FINANCING

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

ITEM 11

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

Except as listed below, Lendio Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance. Before you open your Business, we will:

- (1) Provide the initial training program described below to the Managing Principal (as defined in Item 15) and your Business manager(s) (Franchise Agreement – Section 7(A)).
- (2) Provide you with electronic access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7(D)).
- (3) Provide you with the Opening Kit (Franchise Agreement – Section 4(F)).
- (4) Provide you with lists of approved suppliers and approved products, equipment, or services necessary to operate your Business (Franchise Agreement – Section 9(D)).
- (5) If you obtain a storefront location, we will provide you with information regarding our standards and specifications (if any) for those types of construction and decorating materials, fixtures, equipment (including the Computer System), furniture, signs, décor items, flooring and trade dress (both interior and exterior) that we have approved for Lendio® businesses (Franchise Agreement – Section 6(A)).

We are not required to provide you any assistance with conforming your Business office to any ordinances or codes or hiring any employees. Aside from the Computer System we designate (described further below), we do not provide assistance with your purchase of any equipment, signs, fixtures, inventory or supplies.

Ongoing Assistance. During the operation of your Business, we will:

- (1) We or our affiliate will conduct certain Client support activities and services that we periodically determine, which will include reviewing and processing Client applications for Designated Financial Products, reviewing Services you provide, communicating with lenders, assisting with the development of a business plan, and such other services as we periodically may designate in the Operations Manual and Franchise Library. (Franchise Agreement – Section 7(C)).
- (2) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(E)).
- (3) Operate the Brand Fund (Franchise Agreement – Section 5(A)).
- (4) We may periodically hold or sponsor franchise conventions and meetings relating to new Designated Financial Products or Services, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. These franchise conventions and meetings may be optional or mandatory, as we designate. (Franchise Agreement – Section 7(E)).
- (5) Advise you on operational issues and provide assistance in operating the Business as we deem appropriate. (Franchise Agreement – Section 7(B)).

We are not required to provide you any assistance with hiring any employees.

Advertising Programs. We will establish and conduct the following advertising programs:

We will establish and operate the Brand Fund to market and promote Lendio® businesses. Currently, you must pay us a monthly Brand Fund Fee equal to the greater of (i) 2% of Gross Revenues; or (ii) the following minimum amount:

Anniversary Year	Minimum Monthly Brand Fund Fee
1	\$100
2	\$200
3 – 5	\$300

The term “Anniversary Year” means the 12 month period beginning on the effective date of the Franchise Agreement and ending on the first anniversary thereof, and the 12 month period between each succeeding anniversary.

We may adjust the amount of the Brand Fund Fee at any time upon 60 days’ prior written notice to you. Reasonable disbursements from the Brand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including: (1) creative design costs to produce marketing and advertising materials; (2) the cost of formulating, developing and implementing national, regional or local advertising, marketing, promotional and public relations campaigns; (3) digital marketing; (4) marketing research and analytics; and (5) the reasonable costs of administration of the Brand Fund, including the cost of employing marketing, advertising, public relations and other third party agencies to assist us and providing promotional brochures and other marketing and advertising materials to Lendio® businesses, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administering the Brand Fund. The Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Fund. We have the right to determine the expenditures of the amounts collected. We are not required to spend a pro-rated amount on each Lendio® business or in each advertising market, including your market. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such marketing or advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Lendio® businesses to the Brand Fund in that year. We may, through the Brand Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as we impose on plans and materials we furnish to other Lendio® franchisees. We will determine the methods of marketing and advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recent calendar year. Brand Fund Fees will not be used for advertising principally directed at the sale of franchises.

Each new Lendio® franchisee must pay the Brand Fund Fee at the same rate. Lendio® businesses owned by us or our affiliates are not required to contribute to the Brand Fund.

During our last fiscal year ending December 31, 2021, the Brand Fund was used as follows: 61% on production and media, 5% on website development services and 34% on administrative and other expenses.

You must use your best efforts to actively promote the Business through local marketing and promotional activities. All local Business marketing and promotional activities you conduct must be solely intended to promote the Business to Clients and prospective Clients located in your TPR.

You will participate in, support and contribute a proportionate share of the cost of any regional or other geographic cooperative marketing programs we designate. Each Lendio® business located within the designated area of a cooperative will be a member of the cooperative. We or members of the cooperative and their designated officials may be responsible for administering the cooperative. Lendio® businesses owned and operated by us or our affiliates are not obligated to participate in any cooperative we form or approve. Each cooperative must adopt written governing documents, which must reflect any form documents that we provide to franchisees or are otherwise approved by us. A copy of the governing documents of the cooperative (if one has been established) for your market area will be available upon request. The amount of your contribution will be determined by the cooperative; provided that if the cooperative is unable or unwilling to designate the amount of the contribution, we may designate the contribution amount. In addition, we reserve the right to establish minimum and maximum contribution amounts. We reserve the right to designate regional and other geographic marketing or advertising markets, to establish marketing cooperatives and to establish the bylaws and other rules under which such cooperatives will operate. As of the issuance date of this disclosure document, we have not established any advertising cooperatives.

You must use our designated business promotion materials and database management tools in promoting the Business. In addition to the business promotion materials we designate, we may develop, and make available to you, local business media planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. You will use only marketing, advertising and promotional materials we approve in promoting the Business. If you desire to use any marketing, advertising or promotional materials in promoting the Business which we previously have not approved, you must obtain our written approval before using any such materials, which approval will not be unreasonably withheld. If we do not respond within seven business days from the date we receive your proposed materials, you may use such materials provided they otherwise comply with the Franchise Agreement. If we later determine that such marketing or advertising materials do not satisfy our then-current standards, you will immediately cease using such materials upon written notice from us.

We do not have an advertising council composed of franchisees.

Computer System. We require you to use in the Business the computer system we designate, including all existing or future communication or data storage systems, hardware, software, components thereof and associated service, which we have developed and/or selected for the System (the “Computer System”). The Computer System may not be used in connection with any business other than the Business. The Computer System developed for use in your Business will include one or more designated proprietary software programs (the “Proprietary Software”). We may require you to enter into a computer software access or license agreement with us, an affiliate or a third party, in connection with your use of the Proprietary Software and you may be required to pay us or our designee any corresponding license or access fees.

You also must pay us the monthly Technology Fee for certain support we or our designee provide to you respecting the Computer System. As of the issuance date of this disclosure document, the monthly Technology Fee is \$300. We may adjust the Technology Fee at any time with 60 days’ prior written notice to you, although we will not increase the Technology Fee by more than 25% each year. If you have more than four users of the technology, you must pay us an additional \$100 per month for each additional user.

As of the issuance date of this disclosure document, the required Computer System includes: (1) computer hardware that is compatible with our software systems, which must have a minimum of 4 GB of RAM (8GB preferred), 2.5 GHz processor, and Google Chrome web browser; (2) a mobile phone with the current version of Android or IOS; (3) a VOIP phone and USB headset; (4) Zoho CRM; (5) -Sunrise; (6) third-party DOMO software, which serves as a data aggregation and dashboard tool; Pipeline, our

Proprietary Software; and (7) Slack messenger service. We estimate that the initial cost for the Computer System will range from \$700 to \$2,500. The monthly Technology Fee includes the monthly licensing and access fees for DOMO, Pipeline, Slack and Zoho CRM, and also includes access to our intranet portal and certain related services and content that we may modify periodically. The cost of Sunrise is not included in the monthly Technology Fee.

You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. We have the right to designate a single source from which you must purchase the Computer System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to the Computer System, including any additions or modifications to any Proprietary Software. We also may independently access financial information and Client data produced by or otherwise located on your Computer System (collectively the “Client Data”). We own the Client Data that is stored on the Computer System and you assign your rights in the Client Data to us. You cannot use the Client Data for any purpose other than the operation of the Business consistent with our standards of use. There are no contractual limitations on our right to access the information and data.

You may be required to obtain ongoing maintenance and repairs respecting the Computer System, as well as upgrades or updates respecting the Proprietary Software. We estimate the cost of optional or required maintenance, updates and upgrades will be \$0 to \$2,500 per year. There are no contractual limitations on the frequency and cost of additional maintenance or repair. You must incorporate these upgrades and updates to the Computer System.

Site Selection. You must maintain a business address to serve as the office for the Business. You may either lease a space for the Business that we consent to, or operate the Business from a home office. The location of the Business office must be within your TPR and approved by us. If you elect to operate the Business from a home office, we may require you to relocate the Business to a storefront site upon 12 months’ prior written notice to you. If we require you to obtain a storefront location, you must use in constructing the premises only those types of construction and decorating materials, fixtures, equipment (including the Computer System), furniture, signs, décor items, flooring and trade dress (both interior and exterior) that we have approved for Lendio® businesses as meeting our specifications and standards for appearance, function and performance.

We may consider the geographic location of the site within your TPR, general appearance of the building and surrounding area, and other physical characteristics in determining whether to approve your proposed site. We will notify you in writing within 30 days after we receive your request for our approval and we have received any other materials we request to determine whether the proposed site satisfies our site selection criteria. Our review of a site for any Business office does not represent any recommendation or guaranty as to the success of the proposed site. If you and we are unable to agree on a site for the operation of the Business, the opening of your Business may be delayed. If you do not open your Business within 90 days following the effective date of the Franchise Agreement, we may terminate the Franchise Agreement if you fail to cure this default.

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening of your Business varies from 30 to 90 days. This period may be longer or shorter, depending how soon you can attend training or other factors. You must complete the initial training program and open your Business within 90 days following the effective date of the Franchise Agreement.

Training. Before you commence operating the Business, the Managing Principal and any Business manager(s) must attend an initial training program on the operation of the Business. All attendees must complete our initial training program to our satisfaction. Each person we require to attend our initial

training program must have obtained all required insurance licenses and any other applicable licenses or certifications necessary to participate in the operation of the Business before commencing training.

The initial training program will take place over a period of up to five days at our headquarters in Utah or another location we designate. We generally offer initial training on a monthly basis or as we otherwise determine necessary. The initial training program includes instruction relating to Business operations, instruction on Designated Financial Products you will promote and Services you will offer, promote and sell at your Business, sales and marketing, administration, and software. If, during the initial training program, we determine that the Managing Principal is not qualified to participate in the Business, we will notify you and you must select and enroll a substitute Managing Principal in the initial training program.

You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the initial training program or any supplemental or refresher training programs.

As of the issuance date of this disclosure document, the initial training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction and Overview of Support	4	0	Utah Headquarters
Franchisee Tools & Technology	5	0	Utah Headquarters
Financial Management	2	0	Utah Headquarters
Reporting	2	0	Utah Headquarters
Sales	11	0	Utah Headquarters
Customer Service and Partner Relations	2	0	Utah Headquarters
Marketing and Local Events	6	0	Utah Headquarters
Products	4	0	Utah Headquarters
Partnerships/Networking	4	0	Utah Headquarters
TOTAL	40	0	

The instructional materials for all training programs include the Operations Manual, handouts and visual aids, and will include lecture and classroom discussion, and may include online modules.

Mark Cottle oversees the training program. Mr. Cottle has more than 15 years of franchising experience, and has served as our Executive Vice President of Franchising since June 2018 and a member of our management board since October 2017.

After the Business opens, we will provide training (at times we determine) to any new Managing Principal or Business manager at your expense. We may require that a Principal Owner, any Managing Principal or Business manager attend or participate by Internet in all supplemental and refresher training programs that we designate. We may charge you a reasonable fee for each supplemental and refresher training program. As of the issuance date of this disclosure document, we anticipate supplemental and refresher training fees may range from \$200 to \$500 per person per day, plus any travel and accommodation expenses. In addition, your Principal Owners, Managing Principal and any of your employees must attend all required ongoing education or training programs required under federal, state or local law.

Operations Manual. We will grant you access to our Operations Manual (the “Operations Manual”) during the term of the Franchise Agreement. As of the issuance date of this disclosure document, the table of contents of the Operations Manual is as follows:

Chapter in Operations Manual	Number of Pages
Cover and Table of Contents	2
1. Introduction and Overview of Support	21
2. Pre-Opening Procedures	15
3. Business Management Procedures	6
4. Human Resources	29
5. Sales & Products	57
6. Operations	28
7. Advertising and Promotion	14
8. Glossary of Terms	12
9. Appendix	1
10. Suggested Reading	2
11. References	2
TOTAL	189

ITEM 12

TERRITORY

You will receive a TPR, which generally will contain up to 30,000 small businesses with principal business offices in your TPR. The TPR will be identified in Exhibit A to the Franchise Agreement. During the term of the Franchise Agreement, if you are in compliance with the provisions of the Franchise Agreement, we will not directly establish and operate or franchise another to establish and operate within your TPR a Lendio® office from which we/they can operate a Lendio® business. We reserve the right, however, to conduct certain activities within your TPR, as further described below.

You will not receive an exclusive territory. You may face competition from other franchisees, from businesses that we or our affiliates own or from other channels of distribution or competitive brands that we control. You may not sell products or services identified by the Marks in connection with any other business. Other than as we may authorize in the Operations Manual or otherwise in writing, you may not offer, promote or sell any Designated Financial Products or Services through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under the Franchise Agreement. You will concentrate all Business marketing and advertising and solicitation of potential Clients within your TPR unless you obtain our prior written consent.

Except as described in this paragraph, you may offer Services and promote the Designated Financial Products only to Clients located inside your TPR. If neither we nor another franchisee operates in an area adjacent to your TPR, you may service Clients located outside of your TPR with our prior written consent; provided your Gross Revenues from these activities cannot exceed 15% of your Gross Revenues in any three consecutive calendar months. If Gross Revenues from these activities outside your TPR equal or exceed 15% of your total Gross Revenues in any period of three consecutive calendar months, we reserve the right to require you to purchase an additional franchised Lendio® business, which may include the territory in which such Clients are located, or to require you to cease servicing those Clients located outside your TPR. We retain all rights to all unassigned territory located outside of your TPR, including those

rights described below. We may elect to develop or sell any unassigned territory located outside of your TPR at any time without prior notice to you. If you service any Clients located in any unassigned territory and we elect to directly establish or grant other persons the right to operate a Lendio business® in such territory, you must cease all service to such Clients and, at our option, assign them to us or such franchisee. If, with the prior written consent of us and the affected franchisee, you provide any services to a Client located in another franchisee's TPR, you must pay 30% of the Gross Revenues that you generated from that Client in the other franchisee's TPR to that local franchisee.

We (for ourselves and our affiliates) retain the right, without compensation to you:

1. to ourselves operate, or to grant other persons the right to operate, Lendio® businesses, provided the office for such business is located outside your TPR;
2. to offer, promote and sell the Designated Financial Products and Services that Lendio® businesses offer, promote and/or sell under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution within and outside your TPR;
3. to offer, promote and sell the Designated Financial Products and Services that Lendio® businesses offer, promote and/or sell under the Marks through dissimilar channels of distribution (i.e., other than the operation of Lendio® businesses), including by electronic means such as the Internet and by websites we establish;
4. to acquire businesses that are the same as or similar to the Business or other Lendio® businesses and operate such businesses regardless of whether such businesses are located within or outside your TPR, and to merge with or be acquired by any third party which operates businesses that are the same as or similar to the Business or other Lendio® businesses regardless of whether such businesses are located within or outside your TPR;
5. to directly or indirectly offer, promote and sell the Designated Financial Products and Services through our Corporate Accounts Program inside or outside your TPR (as described further below);
6. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and
7. to exhibit the System at trade and industry shows, conventions, meetings and similar events within and outside your TPR; provided that our participation in any such events within your TPR will not be primarily for the purpose of soliciting prospective Clients.

As described in Item 6, we operate a Corporate Accounts Program that is designed to generate Client leads as a result of national marketing, strategic alliances and partnerships, or other lead generation efforts we or our affiliates conduct or that otherwise involves Clients that have more than one business unit or office (one of which is located outside of your TPR), or that meet other qualifications that we periodically prescribe. We may permit you to participate in the Corporate Accounts Program and service certain Client leads in your TPR under the terms of the Program as described in the Operations Manual or as we otherwise describe in writing. You understand that: (1) we will establish the rules under which you may participate, (2) we retain the absolute discretion in determining whether and to what extent you may participate in the Corporate Accounts Program; (3) we or our affiliates reserve the right to service, or license or allow others to service any Client leads within your TPR that are obtained through the Corporate Accounts Program, and (4) we may terminate, modify, or replace the Corporate Accounts Program at any time.

You agree to use your best efforts to promote the Business. During the Term, you must satisfy the any minimum performance requirements we specify in the Operations Manual. If you fail to satisfy any minimum performance requirements, or if you otherwise are in default under the Franchise Agreement, we may terminate the Franchise Agreement, or, as an alternative to termination, we may elect to reduce the size of your TPR or to terminate all or a portion of the territorial protections granted to you under the Franchise Agreement.

You may relocate your Business only within your TPR. You may not relocate the Business from the approved location of the Business without our prior written consent.

We do not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory.

Neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at a Lendio® business under any other trademark or service mark.

ITEM 13

TRADEMARKS

We grant you the right to operate your Business under the name “Lendio” and other trademarks or service marks (the “Marks”). Those rights are granted under the Franchise Agreement.

The following schedule lists only the principal Marks that you are licensed to use. We or Parent has filed all required affidavits and renewal registrations for those Marks listed below.

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/Supplemental Register
LENDIO	4185023	August 7, 2012	Principal
We Fuel the American Dream	4479913	February 11, 2014	Principal

Parent owns the Marks and has licensed us the right to use the Marks and to sublicense the use of the Marks to operate Businesses under a trademark license agreement dated December 20, 2016 (the “Trademark License Agreement”). The Trademark License Agreement has an initial five year term, which will renew automatically unless one of the parties elects not to renew the Trademark License Agreement. Parent may terminate the Trademark License Agreement if our misuse of the Marks materially impairs the goodwill associated with the Marks, if we violate any provision under the Trademark License Agreement or we do not comply with Parent’s instructions concerning the quality of the Marks. If the Trademark License Agreement terminates, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other material limitations.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our and Parent’s exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. 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 principal Marks that are relevant to your use in any state. Other than as described above, there are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name or trademark of which you become aware. You must not communicate with any person other than us, our affiliates and our respective legal counsel regarding any infringement, challenge or claim. We or our affiliates may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to your indemnification obligations, we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our affiliates and our respective legal counsel will have the right to control and conduct any litigation relating to the Marks.

You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Operations Manual, and for certain other Confidential Information (as defined below) we provide to assist you in operating your Business.

We own certain proprietary or confidential information relating to the operation of Lendio® businesses, including information in the Operations Manual ("Confidential Information"). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your cost. We own and will periodically establish policies under which we or you may use Client Data.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate a Principal Owner (as defined below) we approve and who successfully completes our required initial training program to be the managing Principal Owner (“Managing Principal”). The Managing Principal is responsible for day-to-day Business operations and has the authority to make decisions for the Business. The Managing Principal assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility, time commitments, or otherwise may conflict with his/her obligations.

If at any time the Managing Principal is not managing the Business, we may appoint a manager to maintain Business operations on your behalf. Our appointment of a manager of the Business does not relieve you of your obligations or constitute a waiver of our right to terminate your franchise as further provided in Section 15 of the Franchise Agreement. We are not liable for any debts, losses, costs or expenses incurred in operating the Business or to any of your creditors for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We may charge a reasonable fee for management services and cease to provide management services at any time.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement. We may require the spouse of any person who signs the Guaranty and Assumption of Obligations to also sign the Guaranty and Assumption of Obligations. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all of your employees who have managerial duties at the Business, as well as all corporate officers and directors of a corporate franchisee entity (all partners in a partnership), must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Business all, and only, those Designated Financial Products and Services that we have approved. We may add new Designated Financial Products or Services that you must offer from your Business. Our right to modify the list of Designated Financial Products or Services to be offered from the Business is not limited.

You must concentrate all Business marketing and advertising and solicitation of potential Clients within your TPR unless you obtain our prior written consent. Otherwise, you are not limited in the Clients to whom you may offer and sell the Designated Financial Products or Services.

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 Agreement(1)	Summary
a. Length of the franchise term	Section 3	5 years.
b. Renewal or extension of the term	Section 3	If you are in good standing, you can renew the Franchise Agreement for two additional 5 year terms.
c. Requirements for you to renew or extend	Section 3	Provide advance notice, comply with current Franchise Agreement, satisfactorily complete any new/refresher training programs, sign new agreement (which may contain materially different terms and conditions than your original Franchise Agreement), modernize the Business (as applicable), you and your Principal Owners meet all managerial, financial and business standards for new and renewing franchisees, pay renewal fee, and sign a general release of claims.
d. Termination by you	Section 16	If you comply with the Franchise Agreement, and we fail to cure a material provision within 60 days after written notice, subject to state law.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Sections 15	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Sections 15(A) and (B)	You have 30 days to cure the following defaults: failure to open Business when required, failure to complete training, failure to comply with System standards, failure to conform to System, failure to pay us or our affiliates amounts owed, a violation of any material provision of the Agreement, your lease for the Business premises expires or is terminated. You have 10 days to cure any failure to timely pay amounts due to us or our affiliates or approved suppliers.
h. "Cause" defined – non-curable defaults	Sections 15(A) and (B)	We may immediately terminate the Franchise Agreement without opportunity to cure for the following defaults: failure on 3 or more occasions in any 12 months to comply with any provision, default which is not curable, repeated deception of Business Clients, a material misrepresentation on franchise application or after franchise is awarded, conviction of or proof that you have committed a felony or other crime which harms the Business's reputation, the Marks or the System, insolvency, an unauthorized assignment, Business abandonment, conduct which injures the goodwill associated with the Marks, development of an unapproved website, failure to attend 2 or more mandatory training programs, the offer or sale of any products that we previously have not approved as Designated Financial Products.

Provision	Section in Agreement(1)	Summary
i. Your obligations on termination/nonrenewal	Section 17 and 13(B)	Cease operation of the Business and use of Marks, pay all amounts due us, stop using and return manuals and other materials, assign to us the Business telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Marks, comply with obligations under any Proprietary Software license/access agreements, cancel all fictitious or assumed name filings, cease using Confidential Information, and agree not to divert Business Clients to any competing business for 18 months (also see o, r below).
j. Assignment of contract by us	Section 14(A)	Assignee must fulfill our obligations under the Franchise Agreement.
k. "Transfer" by you-defined	Section 14(C)	Includes transfer of Business or its assets, your interest in the Franchise Agreement or any ownership change.
l. Our approval of transfer by franchisee	Sections 14(B), (C) and (D)	We have the right to approve all transfers of the Business, substantially all or all of the assets of the Business, the Franchise Agreement or any "controlling interest" in you, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14(B)	For transfers of the Business, substantially all or all of the assets of the Business, the Franchise Agreement or any "controlling interest": New franchisee qualifies and completes training, all amounts owed us or our affiliates are paid, and you are in good standing, new franchisee assumes existing Franchise Agreement or (at our option) signs then-current agreement (which may contain materially different terms), we approve material provisions of transfer agreement, transfer fees paid, you and your owners sign non-compete agreement and general release. For transfers of less than a controlling interest: You provide us with written notice, any new owner signs a personal guaranty, transfer fee paid, you provide us with other information as we request.
n. Our right of first refusal to acquire your business	Section 14(E)	We can match any offer for your Business.
o. Our option to purchase your business	Section 17(B)	When the Franchise Agreement expires or terminates, we may purchase assets at book value.
p. Your death or disability	Section 14(D)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months.
q. Non-competition covenants during the term of the franchise	Section 13(C)	No involvement in any business (including any e-commerce or internet-based business) that distributes, promotes, markets, sells or otherwise deals in, business financing and other related financial products and services the same or similar to a Lendio® business (a "Competitive Business"), except: (1) with our prior written consent; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities, subject to state law.

Provision	Section in Agreement(1)	Summary
r. Non-competition covenants after the franchise is terminated or expires	Sections 13(D) and 17(A)	For 18 months, no involvement in a Competitive Business, within your TPR or the territory of primary responsibility of any other then-existing Lendio® business or within 10 miles of the outside boundary of your former TPR or the territory of primary responsibility of any other then-existing Lendio® business; provided, however, that this restriction will not apply to: (1) other Lendio® businesses that you operate under separate Lendio® franchise agreements; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities. For purposes of this restriction, any Competitive Business that operates by means of the internet, a website or other form of electronic communication will be in violation of this provision if such e-commerce business or website promotes, offers, sells or otherwise makes its products or services available to individuals residing within or businesses located within 10 miles of the outside boundary of your former TPR or the territory of primary responsibility of any other then-existing Lendio® business. These provisions are subject to state law.
s. Modification of the agreement	Sections 1(G), 1(J), 7(E) and 20(L)	No modifications generally, except in writing. We may modify Operations Manual, Marks, System and Designated Financial Products and Services to be offered by your Business.
t. Integration/merger clause	Section 20(L)	Only the terms of the Franchise Agreement (including exhibits) are binding (subject to federal and state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19	Except for actions we bring for injunctive or extraordinary relief, all disputes first will be subject to non-binding mediation at our corporate headquarters at the time the mediation is filed, then (if not resolved) to binding arbitration in Salt Lake City, Utah (subject to state law).
v. Choice of forum	Section 20(D)	Any claims, controversies or disputes not subject to arbitration must be in state or federal court in Salt Lake City, Utah (subject to state law).
w. Choice of law	Section 20(E)	Utah law applies (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or

representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mark Cottle, 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah 84043; (801) 858-3322, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
Systemwide Business Summary
For Years 2019 to 2021

Business Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
Franchised	2019	47	56	+9
	2020	56	67	+11
	2021	67	121	+54
Company-Owned(1)	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Businesses	2019	47	56	+9
	2020	56	67	+11
	2021	67	121	+54

(1) As described in Item 1, Parent operates a business using the Lendio® mark in Utah and at other locations across the country. Parent engages in many of the same activities that you will perform as part of your Business operations. In addition, Parent's business also involves a variety of related business activities that extend beyond the scope of the franchise offered under this disclosure document. As a result, for purposes of the information provided in this Item 20, Parent's business is not substantially similar to the businesses operated under a franchise agreement, and is not identified as a "company-owned" business.

TABLE NUMBER 2
Transfers of Businesses from Franchisee to New Owners (Other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
Idaho	2019	1
	2020	0
	2021	0
Pennsylvania	2019	1
	2020	0
	2021	0

State	Year	Number of Transfers
Washington	2019	1
	2020	0
	2021	0
Florida	2019	0
	2020	0
	2021	2
Arizona	2019	0
	2020	0
	2021	1
TOTAL	2019	3
	2020	0
	2021	3

TABLE NUMBER 3
Status of Franchised Businesses
For Years 2019 to 2021

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Alabama	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	2	1	0	0	0	0	3
	2020	3	2	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Arkansas	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California	2019	2	0	2	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	17	0	0	0	0	17
Colorado	2019	1	2	0	0	0	0	3
	2020	3	2	0	0	0	0	5
	2021	5	1	0	0	0	0	6
District of Columbia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Florida	2019	6	0	3	0	0	0	3
	2020	3	5	0	0	0	0	8
	2021	8	4	0	0	0	0	12

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Georgia	2019	6	0	0	0	0	0	6
	2020	6	0	6	0	0	0	0
	2021	0	4	0	0	0	0	4
Idaho	2019	0	2	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Illinois	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	1	0	0	0	1
Kansas	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Louisiana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Maine	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maryland	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	2	0	0	0	0	4
Massachusetts	2019	3	0	3	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Michigan	2019	4	9	6	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Minnesota	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Missouri	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nevada	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
New Hampshire	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
New York	2019	3	1	0	0	0	0	4
	2020	4	1	1	0	0	0	4
	2021	4	5	1	0	0	0	8
North Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Ohio	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oklahoma	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Pennsylvania	2019	4	0	0	0	0	0	4
	2020	4	1	0	0	0	0	5
	2021	5	1	0	0	0	0	6
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	4	0	0	0	0	5
Tennessee	2019	1	0	0	0	0	0	1
	2020	1	2	0	0	0	0	3
	2021	3	3	0	0	0	0	6
Texas	2019	2	2	0	0	0	0	4
	2020	4	3	2	0	0	0	5
	2021	5	7	0	0	0	0	12
Utah	2019	3	2	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Vermont	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Washington	2019	1	1	1	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
TOTAL	2019	47	24	14	0	0	1	56
	2020	56	20	9	0	0	0	67
	2021	67	56	2	0	0	0	121

TABLE NUMBER 4
Status of Company-Owned Businesses
For Years 2019 to 2021

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
TOTAL	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

TABLE NUMBER 5
Projected Openings
As of December 31, 2021

State	Franchise Agreements Signed But Business Not Opened	Projected New Franchised Businesses through the End of the Current Fiscal Year	Projected New Company-Owned Businesses through the End of the Current Fiscal Year
Arizona	0	1	0
California	1	2	0
Florida	0	1	0
Michigan	0	2	0
Minnesota	0	1	0
New York	0	1	0
Pennsylvania	0	1	0
Texas	1	2	0
Washington	0	1	0
Total	2	12	0

A list of our franchisees as of the issuance date of this disclosure document is attached as Exhibit D. As of the issuance date of this disclosure document, no franchisee has had a franchise terminated, canceled, not renewed, otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy a Lendio® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our System.

We are not aware of any trademark-specific franchisee associations.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements for the periods ended December 31, 2021, December 31, 2020, and December 31, 2019, are attached as Exhibit A. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

The Franchise Agreement is attached as Exhibit B. The State Addenda is attached as Exhibit E. The Disclosure Acknowledgement Agreement is attached as Exhibit G.

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit H). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A

FINANCIAL STATEMENTS

Right Answers, Right Here.



TANNER

Accountants & Advisors

Lendio Franchising, LLC

**Financial Statements
As of December 31, 2021 and 2020
and For the Years Then Ended**

Together with Independent Auditors' Report



TANNER

Independent Auditors' Report

To the Member of Lendio Franchising, LLC

Opinion

We have audited the accompanying financial statements of Lendio Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Tanner LLC

March 22, 2022

Balance Sheets

	As of December 31,	
	2021	2020
<u>Assets</u>		
Current assets:		
Cash	\$ 2,392,509	\$ 642,888
Accounts receivables, net of an allowance for doubtful accounts of \$739,692 and \$73,827, respectively	159,142	113,908
Related-party receivable from parent company	2,852,448	109,734
Notes receivable, net of an allowance for doubtful accounts of \$0 and \$157,141, and net of discount on notes receivable of \$0 and \$366, respectively	-	79,820
Current portion of costs capitalized to obtain revenue contracts	102,181	46,077
Other current assets	22,698	7,581
Total current assets	5,528,978	1,000,008
Costs capitalized to obtain revenue contracts, net of current portion	131,805	83,130
Total assets	\$ 5,660,783	\$ 1,083,138
<u>Liabilities and Member's Equity (Deficit)</u>		
Current liabilities:		
Accounts payable	\$ 525,455	\$ 45,414
Related-party payable to parent company	276,071	47,488
Current portion of accrued expenses	386,317	215,588
Current portion of deferred revenue	797,802	266,012
Total current liabilities	1,985,645	574,502
Accrued expenses, net of current portion	-	22,294
Deferred revenue, net of current portion	1,037,274	594,752
Total liabilities	3,022,919	1,191,548
Commitments and contingencies		
Member's equity (deficit)	2,637,864	(108,410)
Total liabilities and member's equity (deficit)	\$ 5,660,783	\$ 1,083,138

Statements of Income

	<i>For the years ended December 31,</i>	
	2021	2020
Revenues:		
Marketplace lending commissions	\$ 13,762,044	\$ 4,029,034
Franchise fees	561,782	339,418
Training fees	390,697	230,500
Technology, brand, and royalty fees	467,106	135,082
Total revenues	15,181,629	4,734,034
Operating expenses:		
Employee compensation	2,578,947	1,636,095
Selling and marketing expenses	1,589,027	202,896
General and administrative	460,902	261,817
Commissions paid to franchisees	7,602,155	2,284,120
Franchisee training and other services	218,292	84,311
Total operating expenses	12,449,323	4,469,239
Income from operations	2,732,306	264,795
Interest income	391	2,780
Net income	\$ 2,732,697	\$ 267,575

Statements of Member's Equity (Deficit)

For the years ended December 31, 2021 and 2020

Balance as of December 31, 2019	\$ (485,887)
Contributions	100,000
Stock-based compensation allocated from parent	9,902
Net income	<u>267,575</u>
Balance as of December 31, 2020	(108,410)
Stock-based compensation allocated from parent	13,577
Net income	<u>2,732,697</u>
Balance as of December 31, 2021	<u>\$ 2,637,864</u>

Statements of Cash Flows

	For the years ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 2,732,697	\$ 267,575
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation allocated from parent	13,577	9,902
Bad debt expense	54,483	34,005
Amortization of costs capitalized to obtain revenue contracts	137,671	83,544
Changes in operating assets and liabilities:		
Accounts receivable	(99,717)	183,299
Related-party receivable from parent company	(2,742,714)	(46,582)
Notes receivable	79,820	26,123
Costs capitalized to obtain revenue contracts	(242,450)	(88,585)
Other current assets	(15,117)	(7,581)
Accounts payable and accrued expenses	628,476	(124,344)
Related-party payable to parent company	228,583	24,909
Deferred revenue	974,312	99,108
Net cash provided by in operating activities	1,749,621	461,373
Cash flows from financing activities:		
Contributions from member	-	100,000
Net change in cash	1,749,621	561,373
Cash as of beginning of year	642,888	81,515
Cash as of end of year	\$ 2,392,509	\$ 642,888

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Lendio Franchising, LLC (the Company) was formed on April 8, 2016 as a limited liability company under the laws of the State of Delaware. The Company is a wholly owned subsidiary of Lendio, Inc. The Company was organized to facilitate the franchising of the Lendio, Inc. business lending model. During the years ended December 31 2021 and 2020, 56 and 20 new franchise territories were sold, respectively, and 2 and 9 were closed, respectively. As of December 31, 2021 and 2020, there were 121 and 67 franchises in operation, respectively.

Use of Estimates in Preparing the Financial Statements

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include the allowance for doubtful accounts and notes receivable, the allocation of transaction price in revenue contracts with multiple performance obligations, and the estimated period of benefit for amortizing costs capitalized to obtain revenue contracts.

Concentrations of Credit Risk

Certain financial instruments, such as cash deposited at banks, subject the Company to concentrations of credit risk. The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. There was approximately \$2,143,000 in excess of the federally insured limits as of December 31, 2021. To date, the Company has not experienced a loss or lack of access to its invested cash; however, no assurance can be provided that access to the Company's invested cash will not be impacted by adverse conditions in the financial markets.

Concentrations of receivables as of December 31, 2021 and 2020 were as follows:

2021		2020	
Franchisee A	30%	Franchisee A	*
Franchisee B	20%	Franchisee B	*
Franchisee C	19%	Franchisee C	*
Franchisee D	*	Franchisee D	17%
Franchisee E	*	Franchisee E	15%
Franchisee F	*	Franchisee F	15%
Franchisee G	*	Franchisee G	15%
Franchisee H	*	Franchisee H	12%

*Amount was less than 10% for the year indicated.

There were no concentrations of revenue from franchisees for the years ended December 31, 2021 or 2020.

Concentrations of revenues from lenders for the years ended December 31, 2021 and 2020 were as follows:

2021		2020	
Lender A	50%	Lender A	29%
Lender B	14%	Lender B	*
Lender C	*	Lender C	11%

*Amount was less than 10% for the year indicated.

Revenue Recognition

The Company generates its revenues from the following sources: (1) marketplace lending commissions, (2) initial franchise fees, (3) training fees, and (4) technology, brand, and royalty fees. Revenues are recognized when control of these goods is transferred to customers in an amount that reflects the consideration expected to be received by the Company in exchange for those goods. To achieve the core principle of Topic 606, the Company applies the following five steps:

1) Identify the contract with a customer

The Company considers the terms and conditions of the contracts and the Company's customary business practices in identifying contracts. The Company has determined a contract with a customer exist when the contract is approved, each party's rights regarding the services have been identified and transferred, payment terms for the services have been identified, and it has been determined the customer has the ability and intent to pay and the contract has commercial substance. Judgment is required in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer is obtained as deemed necessary.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract.

3) Determine the transaction price

The transaction price is determined based on the consideration the Company expects to be entitled in exchange for performing services for the customer. Variable consideration is included in the transaction price if, based on management's judgment, it is probable that no significant future reversal of cumulative revenue under the contract will occur. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts generally do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from customers or to provide customers with financing. Examples include invoicing the initial franchise fee upfront but recognizing the revenue from the initial franchise fee over the term of the franchise agreement.

4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP").

The Company's contracts with customers generally contain multiple performance obligations whereby the Company allocates the transaction price based on SSP.

5) Recognize revenue when or as the performance obligation is satisfied

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to a customer. Revenue is recognized when control of the products or services are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those products or services.

Marketplace Lending Commissions

Marketplace lending commissions contain one performance obligation – provide funding ready business loan applications to lenders. Revenues from marketplace lending commissions are recognized upon the satisfaction of performance obligations, which occurs when business loans are funded by the lender, which generally occurs at closing when loan proceeds are disbursed to the borrower.

Franchise Fees

Franchise fees contain one performance obligation – provide an exclusive right to operate the Lendio, Inc. business lending model in a specific geographic area for a period of 5 years. Revenue from franchise fees are recognized ratably over the 5-year initial contract term, or in the case of a franchise renewal, over the renewal term, as the Company satisfies this obligation evenly over the period it grants to the franchisee the right to operate franchise.

Training Fees

Training fees contain one performance obligation – provide training to new franchisees. Training for new franchisees typically takes place prior to the opening of the new franchise, and revenue is recognized upon franchisee's completion of the training as that is when the Company satisfies its performance obligation.

Technology, Brand, and Royalty Fees

Technology, brand, and royalty fees contain one performance obligation – provide a stand ready obligation to franchisees in the form technology and branding support, and loan originations. In accordance with Topic 606, the Company has determined that the technology fees, brand fees, and royalty fees are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs or the related performance obligation is satisfied. The technology fee is a set fee per month charged to the franchisee and the Company has determined it generally meets the criteria for revenue recognition each month as the performance obligation is satisfied over time to provide technology tools to franchisees for use in their franchise. The brand and royalty fees are based on a percentage of monthly gross revenue and are recognized each month, and although the activities to fulfill each of these promises may vary from day to day, the nature of the promise is the same and the customer benefits from the services associated with the brand and royalty fees every day.

The Company collects transfer fees when contracts are transferred between parties and accounts for the transfer as a contract modification under ASC 606. Because the transfer does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the transfer the Company considers the transfer fee part of the existing contract. Transfer fees, then, are recorded as deferred revenue at inception and recognized on a straight-line basis over the remaining contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company, any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in the franchise fee line on the Company's statements of income.

Various economic factors affect revenues and cash flows including economic strength within the markets in the United States where the Company operates. Other macroeconomic factors such as unemployment rates, interest rates, availability of funding

from other sources for prospective customers, and other such factors may also have negative impact on the Company's revenues and cash flows.

Accounts Receivable and Notes Receivable

Accounts receivable and notes receivable represent amounts due from franchisees and are presented net of an allowance for doubtful accounts. The Company records its accounts receivable and notes receivable at sales value and establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Company's accounts receivable are considered past due when payment has not been received within 30 days of contractual due date. The Company's notes receivable are considered past due when payment has not been received by the contractual due date.

The amounts of the specific reserves are estimated by management based on various assumptions including the customer's financial position, age of the customer's receivables, and changes in payment schedules and histories. Account balances are charged off against the allowance for doubtful accounts receivable and notes receivable when the potential for recovery is remote. Recoveries of receivables previously charged off are recorded when payment is received.

For notes receivables with maturity dates beyond one year the Company imputes interest at rates it believes represent market rates for similar transactions. For the years ended December 31, 2021 and 2020, the Company recognized interest income on notes receivable of \$391 and \$2,780, respectively.

Costs Capitalized to Obtain Revenue Contracts

Costs capitalized to obtain revenue contracts consist of the costs that are directly associated with acquiring contracts with franchisees. These costs consist of sales commissions paid to the Company's sales force upon the inception of a contract and Company payroll taxes directly associated with the commissions. US GAAP requires the capitalization of these incremental contract acquisition costs and subsequent amortization over the expected benefit period, which has been determined to approximate the franchise contract term of 60 months. Amortization of capitalized costs to obtain revenue contracts was \$137,671 and \$83,544 for the years ended December 31, 2021 and 2020, respectively, and is included in employee compensation in the accompanying statements of income.

Income Taxes

The Company, with the consent of its member, has elected to be treated as a disregarded entity under the Internal Revenue Code and all items of taxable income and expense are included in the computation of taxable income of Lendio, Inc. Accordingly, there is no provision for income taxes reflected in the accompanying financial statements. The results of operations reflected in the accompanying statements of income may differ from amounts reported in Lendio, Inc.'s income tax returns because of differences in accounting policies adopted for financial and tax reporting purposes.

As of December 31, 2021 and 2020, management believes that the Company had no uncertain tax positions that require either recognition or disclosure in the financial statements. The Company currently has no tax examinations in progress.

Distributions

The Company pays distributions to its member on a discretionary basis. The Company's policy is to record distributions to its member when they are declared.

Stock-Based Compensation

Stock-based compensation is related to grants of stock options in the parent company's (Lendio, Inc.) stock to employees of the Company. Lendio, Inc. uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards, which requires the input of highly subjective assumptions, including the fair value of the underlying stock on the date of grant and expected stock price volatility.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for all leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, and early adoption is permitted. Accordingly, ASU 2016-02 is effective for the Company on January 1, 2022 using a modified retrospective approach. Management is evaluating the impact that ASU 2016-02 will have on the Company's consolidated financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition and disclosure through March 22, 2022, the date the financial statements were available to be issued.

2. Liquidity

The financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. With the exception of the current year and the prior year, the Company has incurred net losses and negative cash flows from operating activities since its inception and expects to incur additional losses in the future. The current year and prior year net income and positive cash flows are primarily sourced from originating and processing Paycheck Protection Program (PPP) loans, which is considered a nonrecurring revenue source. The Company has a capital commitment from its sole member to fund all operations during the 2022 year as necessary, and management expects, beyond one year from the date the financial statements were available to be issued. Further, the sole member of the Company is a private equity backed corporation with access to equity and debt financing and has committed to make additional capital contributions to the Company as needed to support its operations.

For the reasons stated above, management of the Company has used the going concern basis in preparing the Company's financial statements.

3. Notes Receivable

The Company has notes receivable from franchisees that are generally the result of the Company converting accounts receivable from a franchisee to a longer term note receivable. The notes are unsecured and have terms ranging from 3 months to 3 years and bear interest at 0% per annum. All notes matured in 2021 and are reported in the accompanying balance sheets, net of an allowance for doubtful accounts and discount of \$0 and \$157,507, respectively.

4. Related Party Transactions

The sole member and parent of the Company (Lendio, Inc.) provides certain management and administrative support services to the Company at no cost and also covers certain operating costs of the Company. Lendio, Inc. also provides access to the lender/borrower management systems and processes that franchisees utilize to help convert leads into funded borrowers. As of December 31, 2021, and 2020, Lendio, Inc. owed the Company \$2,852,448 and \$109,734, respectively, for fees earned as a result of loans funded that were originated by franchisees. As of December 31, 2021 and 2020, the Company owed Lendio, Inc. \$276,071 and \$47,488, respectively, which is included in the accompanying balance sheets.

Revenues of approximately \$42,593 and \$51,581 were generated from a close relative of an executive of Lendio, Inc. for the years ended December 31, 2021 and 2020, respectively.

5. Subsequent Events

In 2022, management has regularly been evaluating its agreement with certain underperforming franchise territories. From January 1, 2022 through the date the financial statements were available to be issued, 22 of these territories were mutually terminated.

Right Answers, Right Here.



TANNER

Accountants & Advisors

Lendio Franchising, LLC

**Financial Statements
As of December 31, 2020 and 2019
and For the Years Then Ended**

Together with Independent Auditors' Report



TANNER

Independent Auditors' Report

To the Member of Lendio Franchising, LLC

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Tanner LLC

April 19, 2021

Balance Sheets

	As of December 31,	
	2020	2019
<u>Assets</u>		
Current assets:		
Cash	\$ 642,888	\$ 81,515
Accounts receivables, net of an allowance for doubtful accounts of \$73,827 and \$80,110, respectively	113,908	298,182
Related-party receivable from parent company	109,734	63,152
Current portion of notes receivable, net of an allowance for doubtful accounts of \$157,141 and \$294,723, and net of discount on notes receivable of \$366 and \$0, respectively	79,820	123,385
Current portion of costs capitalized to obtain revenue contracts	46,077	44,667
Other current assets	7,581	-
Total current assets	1,000,008	610,901
Notes receivable, net of current portion and net of discount on notes receivable of \$0 and \$3,146, respectively	-	15,588
Costs capitalized to obtain revenue contracts, net of current portion	83,130	79,499
Total assets	\$ 1,083,138	\$ 705,988
<u>Liabilities and Member's Deficit</u>		
Current liabilities:		
Accounts payable	\$ 45,414	\$ 96,161
Related-party payable to parent company	47,488	22,579
Current portion of accrued expenses	215,588	311,479
Current portion of deferred revenue	266,012	290,906
Total current liabilities	574,502	721,125
Accrued expenses, net of current portion	22,294	-
Deferred revenue, net of current portion	594,752	470,750
Total liabilities	1,191,548	1,191,875
Commitments and contingencies		
Member's deficit	(108,410)	(485,887)
Total liabilities and member's deficit	\$ 1,083,138	\$ 705,988

Statements of Operations

	For the years ended December 31,	
	2020	2019
Revenues:		
Marketplace lending commissions	\$ 4,029,034	\$ 1,845,053
Franchise fees	339,418	342,400
Training fees	230,500	244,362
Technology, brand, and royalty fees	135,082	156,277
Total revenues	4,734,034	2,588,092
Operating expenses:		
Employee compensation	1,636,095	1,251,561
Selling and marketing expenses	202,896	254,640
General and administrative	261,817	339,128
Commissions paid to franchisees	2,284,120	1,131,369
Franchisee training and other services	84,311	97,769
Total operating expenses	4,469,239	3,074,467
Income (loss) from operations	264,795	(486,375)
Interest income	2,780	7,138
Net income (loss)	\$ 267,575	\$ (479,237)

Statements of Member's Deficit

For the years ended December 31, 2020 and 2019

Balance as of December 31, 2018	\$ 325,261
Adoption of Topic 606 and Topic 340-40 (see Note 1)	(506,911)
Contributions	175,000
Net loss	<u>(479,237)</u>
Balance as of December 31, 2019	(485,887)
Contributions	100,000
Stock-based compensation allocated from parent	9,902
Net income	<u>267,575</u>
Balance as of December 31, 2020	<u>\$ (108,410)</u>

Statements of Cash Flows

For the years ended December 31,

	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ 267,575	\$ (479,237)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Stock-based compensation allocated from parent	9,902	-
Bad debt expense	34,005	67,011
Amortization of costs capitalized to obtain revenue contracts	83,544	121,021
Changes in operating assets and liabilities:		
Accounts receivable	183,299	(280,310)
Related-party receivable from parent company	(46,582)	76,626
Notes receivable	26,123	126,515
Costs capitalized to obtain revenue contracts	(88,585)	(128,974)
Other current assets	(7,581)	33,245
Accounts payable and accrued expenses	(124,344)	216,815
Related-party payable to parent company	24,909	22,579
Deferred revenue	99,108	(3,085)
Net cash provided by (used) in operating activities	<u>461,373</u>	<u>(227,794)</u>
Cash flows from financing activities:		
Contributions from member	<u>100,000</u>	<u>175,000</u>
Net change in cash	561,373	(52,794)
Cash as of beginning of year	<u>81,515</u>	<u>134,309</u>
Cash as of end of year	<u>\$ 642,888</u>	<u>\$ 81,515</u>

Non-cash items:

The Company adopted ASC 606, *Contracts with Customers* (Topic 606), and ASC 340-40, *Other Assets and Deferred Costs - Contracts with Customers* (Topic 340) as of January 1, 2019 using the modified retrospective method of transition, which resulted in a debit of \$623,124 to member's equity (deficit) for Topic 606 and a credit of \$116,213 to member's equity (deficit) for Topic 340.

Notes to Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Lendio Franchising, LLC (the Company) was formed on April 8, 2016 as a limited liability company under the laws of the State of Delaware. The Company is a wholly owned subsidiary of Lendio, Inc. The Company was organized to facilitate the franchising of the Lendio, Inc. business lending model. During the years ended December 31, 2020 and 2019, 20 and 24 new franchise territories were sold, respectively, and 9 and 15 were closed, respectively. As of December 31, 2020 and 2019, there were 67 and 56 franchises in operation, respectively.

Use of Estimates in Preparing the Financial Statements

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include the allowance for doubtful accounts and notes receivable, the allocation of transaction price in revenue contracts with multiple performance obligations, and the estimated period of benefit for amortizing costs capitalized to obtain revenue contracts.

Concentrations of Credit Risk

Certain financial instruments, such as cash deposited at banks, subject the Company to concentrations of credit risk. The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. There was approximately \$393,000 in excess of the federally insured limits as of December 31, 2020. To date, the Company has not experienced a loss or lack of access to its invested cash; however, no assurance can be provided that access to the Company's invested cash will not be impacted by adverse conditions in the financial markets.

Concentrations of receivables as of December 31, 2020 and 2019 were as follows:

2020		2019	
Franchisee A	17%	Franchisee A	17%
Franchisee B	15%	Franchisee B	15%
Franchisee C	15%	Franchisee C	13%
Franchisee D	15%	Franchisee D	13%
Franchisee E	12%	Franchisee E	11%
		Franchisee F	10%
		Franchisee G	10%

There were no concentrations of revenue from franchisees for the years ended December 31, 2020 or 2019. Concentrations of revenues from lenders for the years ended December 31, 2020 and 2019 were as follows:

2020		2019	
Lender A	29%	Lender A	*
Lender B	11%	Lender B	*

*Amount was less than 10% for the year indicated.

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition* (Topic 605), and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Topic 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, which requires the deferral of incremental costs of obtaining a revenue contract with a customer. The Company adopted the requirements of Topic 606 effective January 1, 2019, utilizing the modified retrospective method of transition. Adoption of Topic 606 resulted in certain changes to the Company's accounting policies for revenue recognition and incremental costs to obtain revenue contracts. Upon adoption a cumulative adjustment of \$506,911 to reduce member's equity was recorded and is related to both the deferral of revenues and the capitalization of incremental costs to obtain revenue contracts.

The following table reflects the changes that were made to the balance sheets and statements of operations as a result of the adoption of Topic 606, and what the associated balances would have been as of December 31, 2019 had there been no change in accounting standards:

Account	Balances Without Adoption of Topic 606	Adjustments Due to Topic 606	Balances Under Adoption of Topic 606
Balance sheets:			
Costs capitalized to obtain revenue contracts	\$ -	\$ 124,166	\$ 124,166
Deferred revenue	178,000	583,656	761,656
Member's equity (deficit)	73,827	(559,714)	(485,887)
Statements of operations:			
Franchise fees	\$ 393,255	\$ (50,855)	\$ 342,400
Employee compensation	1,249,613	1,948	1,251,561

Revenue Recognition

The Company generates its revenues from the following sources: (1) marketplace lending commissions, (2) initial franchise fees, (3) training fees, and (4) technology, brand, and royalty fees. Revenues are recognized when control of these goods is transferred to customers in an amount that reflects the consideration expected to be received by the Company in exchange for those goods. To achieve the core principle of Topic 606, the Company applies the following five steps:

1) Identify the contract with a customer

The Company considers the terms and conditions of the contracts and the Company's customary business practices in identifying contracts. The Company has determined a contract with a customer exist when the contract is approved, each party's rights regarding the services have been identified and transferred, payment terms for the services have been identified, and it has been determined the customer has the ability and intent to pay and the contract has commercial substance. Judgment is required in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer is obtained as deemed necessary.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the

product or service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract.

3) Determine the transaction price

The transaction price is determined based on the consideration the Company expects to be entitled in exchange for performing services for the customer. Variable consideration is included in the transaction price if, based on management's judgment, it is probable that no significant future reversal of cumulative revenue under the contract will occur. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts generally do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from customers or to provide customers with financing. Examples include invoicing the initial franchise fee upfront but recognizing the revenue from the initial franchise fee over the term of the franchise agreement.

4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). The Company's contracts with customers generally contain multiple performance obligations whereby the Company allocates the transaction price based on SSP.

5) Recognize revenue when or as we satisfy a performance obligation

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to a customer. Revenue is recognized when control of the products or services are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those products or services.

Marketplace Lending Commissions

Marketplace lending commissions contain one performance obligation – provide funding ready business loan applications to lenders. Revenues from marketplace lending commissions are recognized upon the satisfaction of performance obligations, which occurs when business loans are funded by the lender, which generally occurs at closing when loan proceeds are disbursed to the borrower.

Franchise Fees

Franchise fees contain one performance obligation – provide an exclusive right to operate the Lendio, Inc. business lending model in a specific geographic area for a period of 5 years. Revenue from franchise fees are recognized ratably over the 5-year initial contract term, or in the case of a franchise renewal, over the renewal term, as the Company satisfies this obligation evenly over the period it grants to the franchisee the right to operate franchise.

Training Fees

Training fees contain one performance obligation – provide training to new franchisees. Training for new franchisees typically takes place prior to the opening of the new franchise, and revenue is recognized upon franchisee's completion of the training as that is when the Company satisfies its performance obligation.

Technology, Brand, and Royalty Fees

Technology, brand, and royalty fees contain one performance obligation – provide a stand ready obligation to franchisees in the form technology and branding support, and loan originations. In accordance with Topic 606, the Company has determined

that the technology fees, brand fees, and royalty fees are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs or the related performance obligation is satisfied. The technology fee is a set fee per month charged to the franchisee and the Company has determined it generally meets the criteria for revenue recognition each month as the performance obligation is satisfied over time to provide technology tools to franchisees for use in their franchise. The brand and royalty fees are based on a percentage of monthly gross revenue and are recognized each month, and although the activities to fulfill each of these promises may vary from day to day, the nature of the promise is the same and the customer benefits from the services associated with the brand and royalty fees every day.

The Company collects transfer fees when contracts are transferred between parties and accounts for the transfer as a contract modification under ASC 606. Because the transfer does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the transfer the Company considers the transfer fee part of the existing contract. Transfer fees, then, are recorded as deferred revenue at inception and recognized on a straight-line basis over the remaining contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in the franchise fee line on the Company's statements of operations.

Various economic factors affect revenues and cash flows including economic strength within the markets in the United States where the Company operates. Other macroeconomic factors such as unemployment rates, interest rates, availability of funding from other sources for prospective customers, and other such factors may also have negative impact on the Company's revenues and cash flows.

Accounts Receivable and Notes Receivable

Accounts receivable and notes receivable represent amounts due from franchisees and are presented net of an allowance for doubtful accounts. The Company records its accounts receivable and notes receivable at sales value and establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Company's accounts receivable are considered past due when payment has not been received within 30 days of contractual due date. The Company's notes receivable are considered past due when payment has not been received by the contractual due date.

The amounts of the specific reserves are estimated by management based on various assumptions including the customer's financial position, age of the customer's receivables, and changes in payment schedules and histories. Account balances are charged off against the allowance for doubtful accounts receivable and notes receivable when the potential for recovery is remote. Recoveries of receivables previously charged off are recorded when payment is received.

For notes receivables with maturity dates beyond one year the Company imputes interest at rates it believes represent market rates for similar transactions. For the years ended December 31, 2020 and 2019, the Company recognized interest income on notes receivable of \$2,780 and \$7,138, respectively.

Costs Capitalized to Obtain Revenue Contracts

Costs capitalized to obtain revenue contracts consist of the costs that are directly associated with acquiring contracts with franchisees. These costs consist of sales commissions and related payroll taxes paid to the Company's sales force upon the inception of a contract. US GAAP requires the capitalization of these incremental contract acquisition costs and subsequent amortization over the expected benefit period, which has been determined to approximate the franchise contract term of 60 months. Amortization of capitalized costs to obtain revenue contracts was \$83,544 and \$121,021 for the years ended December 31, 2020 and 2019, respectively, and is included in employee compensation in the accompanying statements of operations.

Income Taxes

The Company, with the consent of its member, has elected to be treated as a disregarded entity under the Internal Revenue Code and all items of taxable income and expense are included in the computation of taxable income of Lendio, Inc. Accordingly, there is no provision for income taxes reflected in the accompanying financial statements. The results of operations reflected in the accompanying statements of operations may differ from amounts reported in Lendio, Inc.'s income tax returns because of differences in accounting policies adopted for financial and tax reporting purposes.

As of December 31, 2020 and 2019, management believes that the Company had no uncertain tax positions that require either recognition or disclosure in the financial statements. The Company currently has no tax examinations in progress.

Distributions

The Company pays distributions to its member on a discretionary basis. The Company's policy is to record distributions to its member when they are declared.

Stock-Based Compensation

Stock-based compensation is related to grants of stock options in the parent company's (Lendio, Inc.) stock to employees of the Company. Lendio, Inc. uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards, which requires the input of highly subjective assumptions, including the fair value of the underlying stock on the date of grant and expected stock price volatility.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for all leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, and early adoption is permitted. Accordingly, ASU 2016-02 is effective for the Company on January 1, 2022 using a modified retrospective approach. Management is evaluating the impact that ASU 2016-02 will have on the Company's consolidated financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition and disclosure through April 19, 2021, the date the financial statements were available to be issued.

2. Liquidity

The financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. With the exception of the current year, the Company has incurred net losses and negative cash flows from operating activities since its inception and expects to incur additional losses in the future. The current year net income and positive cash flows are primarily sourced from originating and processing Paycheck Protection Program (PPP) loans, which is considered a nonrecurring revenue source. The Company has a capital commitment from its sole member to fund all operations during the 2021 year as necessary, and management expects, beyond one year from the date the financial statements were available to be issued. Further, the sole member of the Company is a private equity backed corporation with access to equity and debt financing and has committed to make additional capital contributions to the Company as needed to support its operations.

For the reasons stated above, management of the Company has used the going concern basis in preparing the Company's financial statements.

3. Notes Receivable

The Company has notes receivable from franchisees that are generally the result of the Company converting accounts receivable from a franchisee to a longer term note receivable. The notes are unsecured and have terms ranging from 3 months to 3 years and bear interest at 0% per annum. All notes mature in 2021 and are reported in the accompanying balance sheets, net of an allowance for doubtful accounts and discount of \$157,507 and \$297,869, respectively.

4. Commitments and Contingencies

Settlement Agreements

The Company has outstanding commitments to settle various legal matters. As of December 31, 2019 these settlements required the Company to pay a combined sum of \$113,600 over a twelve-month period of time. As of December 31, 2020 and 2019, the outstanding amount due related to these settlement agreements was \$24,300 and \$113,600 respectively, which is included in accrued expenses in the accompanying balance sheets.

5. Related Party Transactions

The sole member and parent of the Company (Lendio, Inc.) provides certain management and administrative support services to the Company at no cost and also covers certain operating costs of the Company. Lendio, Inc. also provides access to the lender/borrower management systems and processes that franchisees utilize to help convert leads into funded borrowers. As of December 31, 2020, and 2019, Lendio, Inc. owed the Company \$109,734 and \$63,152, respectively, for fees earned as a result of loans funded that were originated by franchisees. As of December 31, 2020 and 2019, the Company owed Lendio, Inc. \$47,488 and \$22,579, respectively, which is included in the accompanying balance sheets.

Revenues of approximately \$51,581 and \$73,827 were generated from a close relative of an executive of Lendio, Inc. for the years ended December 31, 2020 and 2019, respectively.

EXHIBIT B
FRANCHISE AGREEMENT

LENDIO® FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

2022 FA (FTC)

TABLE OF CONTENTS

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	3
3.	TERM OF FRANCHISE; RENEWAL	4
4.	FRANCHISE AND OTHER FEES.....	5
5.	MARKETING	7
6.	DEVELOPMENT AND OPENING OF THE BUSINESS	8
7.	TRAINING AND OPERATING ASSISTANCE	10
8.	MARKS	11
9.	BUSINESS IMAGE AND OPERATING STANDARDS	12
10.	RECORDS AND REPORTS	16
11.	INSPECTION AND AUDITS.....	17
12.	CONFIDENTIAL INFORMATION/IMPROVEMENTS	17
13.	COVENANTS	18
14.	ASSIGNMENT	19
15.	OUR TERMINATION RIGHTS.....	21
16.	YOUR TERMINATION RIGHTS.....	22
17.	YOUR OBLIGATIONS UPON TERMINATION	23
18.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION	24
19.	DISPUTE RESOLUTION.....	25
20.	ENFORCEMENT.....	26
21.	NOTICES	27
22.	ACKNOWLEDGEMENTS	28

EXHIBITS

A – BUSINESS LOCATION AND TERRITORY OF PRIMARY RESPONSIBILITY

B – GUARANTY AND ASSUMPTION OF OBLIGATIONS

C – SOFTWARE ACCESS AGREEMENT

LENDIO® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20_____, between Lendio Franchising, LLC, a Delaware limited liability company, with a principal place of business at 4100 North Chapel Ridge Road, Lehi, Utah 84043 ("we" or "us"), and _____, a _____ formed and operating under the laws of the State of _____ ("you").

INTRODUCTION

A. We have developed and own a System (as defined in Section 1(N) below) relating to the establishment and operation of businesses that assist small business owners in securing loans and other financial products or related services to grow their business.

B. Our affiliate, Lendio, Inc., owns the service mark "LENDIO", and other trademarks (the "Marks" as further described in Section 1(I) below) used in operating the System, and has granted us a license to use and sublicense others to use the Marks.

C. We grant qualified persons the right to develop, own and operate a Lendio® business within a certain territory.

D. You desire to obtain the right to develop and operate a Lendio® business using the System.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. "Business" means the Lendio® business developed and operated under this Agreement, through which you will promote the Designated Financial Products and provide Services to Clients.

B. "Client" means a small business that obtains or purchases any of the Designated Financial Products and/or Services offered by us, our affiliate or a Lendio® business.

C. "Client Data" means all contact, financial, personal and/or business-related information collected with regard to a potential Client and/or a Client, including all data and records, whether in electronic or physical format, regarding such potential Client or Client.

D. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, software, systems and knowledge of and experience in operating and franchising Lendio® businesses that we communicate to you or that you otherwise acquire in operating the Business under the System. Confidential Information includes "Client Data" (as defined in Section 6(B) below) but does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

E. "Corporate Accounts" means those Client leads or accounts that: (1) we obtain as a result of national marketing, strategic alliances and partnerships, or other lead generation efforts; (2) have more than one business units or offices, one of which is located outside of your TPR; or (3) meet other qualifications that we periodically prescribe.

F. “Designated Financial Products” means those loans and other short-term and long-term financial products we periodically designate and will make available to Clients to assist them in managing their business.

G. “Gross Revenue” means the aggregate amount of all revenue you generate as a result of servicing Clients at or through the Business, including Origination Fee revenue and Services revenue. The term “Gross Revenue” does not include: (1) any Supplier Incentives that we may receive directly or indirectly as a result of your operation of the Business; (2) any federal, state, municipal or other sales or value added taxes relating to such revenue; (3) any processing or similar fees we pay to third parties to assist in the application of Small Business Administration (“SBA”) and certain other specialty loan products; or (4) adjustments for any reimbursement obligations to third party providers related to the cancellation of a Designated Financial Product involving a Client for which you received Origination Fee revenue as further described in Section 4(H) below.

H. “Managing Principal” means the Principal Owner who is responsible for the day-to-day operation of the Business and who has the authority to make decisions for the Business. We must approve the Managing Principal and the Managing Principal must satisfactorily complete the training we require.

I. “Marks” means the service mark “LENDIO” and other service marks, trademarks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

J. “Origination Fee” means the designated fee that typically is paid to the party that originates or generates a Client lead in connection with the application or issuance of a Designated Financial Product.

K. “Principal Owner” means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner.

L. “Services” means the assistance you will provide to Clients and prospective Clients in seeking and securing financing through one or more Designated Financial Products offered by third party lenders and suppliers and related services that we periodically designate for promotion to Clients through Lendio® businesses.

M. “Supplier Incentives” means those volume incentives, rebates and other amounts we may receive directly or indirectly from any supplier of Designated Financial Products and Services that do not constitute an Origination Fee.

N. “System” means the Lendio® system which includes the servicing of Clients in securing financing from third party lenders and suppliers of Designated Financial Products and providing related services as we designate under the Marks, using the equipment, supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

O. “TPR” or “Territory of Primary Responsibility” means the geographic area identified in Exhibit A attached hereto.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Business Location and Territory of Primary Responsibility. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate a Lendio® business within your TPR and to use the Marks in operating the Business. Your TPR and the location of the Business office will be identified in Exhibit A attached hereto.

B. Nature of Your Territory of Primary Responsibility. During the Term (as defined in Section 3), if you are in compliance under this Agreement and subject to Section 2(C) below, we will not directly establish and operate or franchise another to establish and operate within your TPR a Lendio® office from which we or they may operate a Lendio® business and we will not solicit Clients for which you have been designated as the primary solicitor of Services or Designated Financial Products. The license granted to you (as an entity) under this Agreement is personal in nature, may not be used in any business other than the Business, does not include the right to offer, promote or sell Designated Financial Products or Services identified by the Marks or similar products or services in connection with any other business. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will concentrate all Business marketing and advertising and solicitation of potential Clients within your TPR unless you obtain our prior written consent. Other than as we may authorize in the Operations Manual or otherwise in writing, the Franchise does not include the right to offer, promote or sell any Designated Financial Products or Services through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce).

Except as described in this Section, you may offer Services and promote the Designated Financial Products only to Clients located inside your TPR. If neither we nor another franchisee operates in an area adjacent to your TPR, you may service Clients located outside of your TPR with our prior written consent; provided your Gross Revenues from these activities cannot exceed fifteen percent (15%) of your Gross Revenues in any three (3) consecutive calendar months. If Gross Revenues from these activities outside your TPR equal or exceed fifteen percent (15%) of your total Gross Revenues in any period of three (3) consecutive calendar months, we reserve the right to require you in the future to acquire from us an additional franchised Lendio® business, which may include the territory in which such Clients are located, or require you to cease all service to those Clients located outside your TPR. You acknowledge and agree that we retain all rights to all unassigned territory located outside of your TPR, including those rights described in Section 2(C) below. We may elect to develop or sell any unassigned territory located outside of your TPR at any time without prior notice to you. If you service any Clients located in any unassigned territory and we elect to directly establish or grant other persons the right to operate a Lendio business® in such territory, you must cease all service to such Clients and, at our option, assign them to us or such franchisee.

C. Rights Reserved To Us. We (for ourselves and our affiliates) retain the right:

1. to ourselves operate, or to grant other persons the right to operate, Lendio® businesses, provided the office for such business is located outside your TPR;

2. to offer, promote and sell the Designated Financial Products and Services that Lendio® businesses offer, promote and/or sell under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution within and outside your TPR;

3. to offer, promote and sell the Designated Financial Products and Services that Lendio® businesses offer, promote and/or sell under the Marks through dissimilar channels of distribution (i.e., other than the operation of Lendio® businesses), including by electronic means such as the Internet and by websites we establish;

4. to acquire businesses that are the same as or similar to the Business or other Lendio® businesses and operate such businesses regardless of whether such businesses are located within or outside your TPR, and to merge with or be acquired by any third party which operates businesses that are the same as or similar to the Business or other Lendio® businesses regardless of whether such businesses are located within or outside your TPR;

5. to directly or indirectly offer, promote and sell the Designated Financial Products and Services to Corporate Accounts located inside or outside your TPR as described further in Section 9(L);

6. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and

7. to exhibit the System at trade and industry shows, conventions, meetings and similar events within and outside your TPR; provided that our participation in any such events within your TPR will not be primarily for the purpose of soliciting prospective Clients.

3. TERM OF FRANCHISE; RENEWAL

A. Term. The initial term of this Agreement (the “Term”) will be for five (5) years commencing on the date of this Agreement (the “Effective Date”).

B. Renewal Agreement. You will have the right to enter into a renewal franchise agreement for the Business for two (2) additional terms of five (5) years each, provided you meet the following conditions:

1. You have given us written notice at least one hundred eighty (180) days before the end of the Term or renewal term of your intention to enter into a renewal franchise agreement;

2. You have complied with all of the material provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. You maintain possession of the Business premises and, if we then so require, have at your expense made such reasonable capital expenditures necessary to remodel, modernize and redecorate the Business premises and to replace and modernize the supplies, fixtures, signs, and equipment used in your business so that your business reflects the then-current physical appearance of new Lendio® businesses;

4. You and your Principal Owners meet all of our managerial, financial and business standards for new and renewing franchisees;

5. The Managing Principal and any additional attendees that we require, complete, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for travel, living and compensation costs of attendees;

6. You have paid a renewal fee equal to twenty percent (20%) of our then-current initial franchise fee at least thirty (30) days before the Term expires;

7. You sign our then-current standard Franchise Agreement; provided that you will be required to pay the renewal fee in lieu of the Initial Franchise Fee stated in the then-current Franchise Agreement; and

8. You and each Principal Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, and our current and former officers, directors, employees, and agents.

4. **FRANCHISE AND OTHER FEES**

A. **Initial Franchise Fee.** You will pay us an initial franchise fee equal to _____ Dollars (\$_____). The initial franchise fee is payable when you sign this Agreement. The initial franchise fee is fully earned by us when we sign this Agreement and is nonrefundable.

B. **Business Generation Fee.** During the Term, you will pay us a non-refundable “Business Generation Fee” based on the Gross Revenue derived from Clients for which we identify you as the primary solicitor of Services as further described in the Operations Manual, subject to a minimum quarterly Business Generation Fee as further described below. We periodically will establish and modify standards and specifications respecting Client designation. For those Clients you serve outside of the Corporate Accounts Program, you will pay us a Business Generation Fee equal to thirty percent (30%) of the Gross Revenue derived as a result of Services you provide to such Clients. For those Clients you serve through the Corporate Accounts Program, you will pay us a Business Generation Fee ranging from fifty percent (50%) to seventy percent (70%) of the Gross Revenue derived as a result of Services you provide to such Corporate Accounts Program Clients, as further described in the Operations Manual. We may use a third-party service provider (for a fee) to assist in obtaining SBA or certain other loans. Any such third-party service provider will receive part of the initial or origination fee. Total Business Generation Fees you pay to us during each calendar month must meet or exceed the applicable “Minimum Quarterly Business Generation Fee” identified in the table below. If total Business Generation Fees you pay us during any calendar month of the Term do not meet or exceed the applicable Minimum Quarterly Business Generation Fee, you must pay us the difference between Business Generation Fees paid and the applicable Minimum Quarterly Business Generation Fee via electronic funds transfer on or before the 15th of the following month.

Anniversary Year	Minimum Quarterly Business Generation Fee
1	\$0
2	\$3,000
3	\$6,000
4	\$9,000
5	\$12,000

For purposes of this Agreement, the term “Anniversary Year” means the twelve (12) month period beginning on the Effective Date and ending on the first anniversary thereof and the twelve (12) month period between each succeeding anniversary.

C. **Extraterritorial Fee.** If we authorize you to service a Client located outside of your TPR as described in Section 2(B) above, in addition to the Business Generation Fee described in Section 4(B) above, you must pay us an “Extraterritorial Fee” equal to five percent (5%) of all Gross Revenues generated in connection with each such Client. Any applicable Extraterritorial Fees will count toward the Minimum Quarterly Business Generation Fee due under Section 4(B) above.

D. Brand Fund Fee. During the Term, you will pay us a “Brand Fund Fee” for deposit into a marketing and promotional fund, as described in Section 5(A) below.

E. Technology Fee. During the Term, you will pay us our then-current “Technology Fee.” We may adjust the Technology Fee at any time with sixty (60) days’ prior written notice to you; provided that we will not increase the Technology Fee by more than twenty-five percent (25%) each year. If you have more than four users, we may require you to pay our then-current fee for each additional person.

F. Opening Kit. Upon execution of this Agreement, you must purchase a non-refundable “Opening Kit” from us. If you are a new Lendio® franchisee, the cost of the Opening Kit is Seven Thousand Five Hundred Dollars (\$7,500), and includes the cost of registration for one individual to attend the first franchisee convention held after you sign this Agreement, the cost of initial digital marketing activities we determine, grand opening event support, and the purchase of initial branded marketing materials for your use, which may include brochures, flyers, business cards and other miscellaneous items. If you are an existing Lendio® franchisee, the cost of the Opening Kit is One Thousand Five Hundred Dollars (\$1,500), and includes basic marketing materials.

G. Shared Account Fee. If, with our prior written consent, you provide any services to a Client located in another Lendio® franchisee’s TPR, also with that Lendio®’s franchisee’s prior written consent, then you must pay 30% of the Gross Revenues that you generated from that Client in the other franchisee’s TPR to us, which we will then remit to the local franchisee in accordance with the terms of our Operations Manual. We may specify the specific procedures for obtaining each party’s consent and providing services to a Client located in another Lendio® franchisee’s TPR in the Manual or otherwise in writing.

H. Payment of Business Generation Fees, Brand Fund Fees, Technology Fees and Other Fees. Except as otherwise provided herein, all Gross Revenues generated as a result of Services that you provide to Clients for which we identify you as the primary solicitor of Services will be paid directly to an account we designate. We or our affiliate will remit all Gross Revenues we or our designee actually receive in such account to you on a semi-monthly basis by electronic transfer of funds (as described in Section 4(I) below) less any amounts that you owe us for the Business Generation Fees, Extraterritorial Fees, Brand Fund Fees and Technology Fees due under this Agreement for the applicable period. If the net amount of Gross Revenues owed to you is less than the amounts you owe us under this Agreement for any monthly period, we may collect such amounts directly from you or by electronic transfer of funds on or before the 15th of the following month. If we or our affiliate must reimburse the provider for an Origination Fee respecting any Client for which we identify you as the primary solicitor of Services for any reason other than due to our breach of this Agreement or for gross negligence or willful misconduct, you must reimburse us for the net amount of related Gross Revenues paid to you. We may seek reimbursement of such amounts by deducting such amount from amounts we or our affiliate remit to you semi-monthly or by collecting such amounts directly from you or by electronic transfer of funds on or before the 15th of the following month. To the extent you directly receive any Gross Revenues respecting Services you may perform directly for Clients, you will pay us all applicable Business Generation Fees, Extraterritorial Fees, Brand Fund Fees and other fees by electronic transfer of funds or such other method of payment as we periodically may designate in writing on or before the 15th of the month following the month in which you received such Gross Revenues.

I. Electronic Transfer of Funds. If we choose to collect amounts due us or our affiliates by electronic transfer of funds, you must sign electronic transfer of funds authorizations and other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all designated amounts due to us or our affiliates from you. Your authorization (if requested) will permit us to designate the amount to be transferred from your account. In addition, your authorization will permit us to deposit

amounts we or our affiliate owe you in your account. If we choose to collect amounts due us or our affiliates by electronic transfer of funds, you will maintain a balance in your account sufficient to allow us to collect the amounts owed to us or our affiliates when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. In addition, you will pay us a service charge of One Hundred Dollars (\$100) if at any time you do not maintain sufficient funds in your account or otherwise fail to pay us or our affiliates amounts owed when due.

J. Interest On Late Payments. All Business Generation Fees, Extraterritorial Fees, Brand Fund Fees, Technology Fees and other amounts which you owe to us or our affiliates will bear interest at a rate of up to eighteen percent (18%) per year or the maximum rate permitted by governing law, whichever is less, from and after the date of accrual until paid. This amount will be in addition to the service charge described in Section 4(I) above.

K. Application Of Payments. We have discretion to apply against amounts due to us or any of our affiliates any payments received from you or any indebtedness of us to you.

L. Withholding Payments Unlawful. You agree that you will not withhold payment of any Business Generation Fees, Extraterritorial Fees, Brand Fund Fees, Technology Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold or otherwise restrict payments due us for Business Generation Fees, Extraterritorial Fees, Brand Fund Fees, Technology Fees or any other amounts due.

M. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, goods and services, withholding and other taxes that the state in which the Business is located imposes as a result of your operation of the Business or the license of any of our intangible property in the jurisdiction in which the Business is located. If more than one Lendio® franchisee is located in such jurisdiction, they will share the liability in proportion to their Gross Revenues from their franchised business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to the franchisees. If applicable, this payment is in addition to the Business Generation Fee payments described above.

5. MARKETING

A. Brand Fund. Ninety (90) days following the Effective Date, you must begin paying us a monthly Brand Fund Fee equal to the greater of (i) two percent (2%) of Gross Revenues; or (ii) the following minimum amount:

Anniversary Year	Minimum Monthly Brand Fund Fee
1	\$100
2	\$200
3 – 5	\$300

We will place all Brand Fund Fees we receive into a marketing and promotion fund (the “Brand Fund”), and will manage such fund. We may adjust the amount of the Brand Fund Fee at any time upon sixty (60) days’ prior written notice to you. Reasonable disbursements from the Brand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including: (1) creative design costs to produce marketing and advertising materials; (2) the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; (3) digital marketing; (4) marketing research and analytics; and (5) the reasonable costs of

administration of the Brand Fund, including the cost of employing marketing, advertising, public relations and other third party agencies to assist us and providing promotional brochures and other marketing and advertising materials to Lendio® businesses, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administering the Brand Fund. The Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Fund. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such marketing or advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Lendio® businesses to the Brand Fund in that year. We may, through the Brand Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as we impose on plans and materials we furnish to other Lendio® franchisees. We will determine the methods of marketing and advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recent calendar year.

B. Local Marketing and Business Promotion. Aside from the Brand Fund Fee described above, you must use your best efforts to promote the Business through approved local marketing and promotional activities in your TPR. All local Business marketing and promotional activities you conduct, however, must be solely intended to promote the Business to Clients and prospective Clients located in your TPR.

C. Cooperative Marketing. You will participate in, support and contribute a proportionate share of the cost of any regional or other geographic cooperative marketing programs we designate. The amount of your contribution will be determined by the cooperative; provided that if the cooperative is unable or unwilling to designate the amount of the contribution, we may designate the contribution amount. In addition, we reserve the right to establish minimum and maximum contribution amounts. We reserve the right to designate regional and other geographic marketing or advertising markets, to establish marketing cooperatives and to establish the bylaws and other rules under which such cooperatives will operate.

D. Approved Advertising, Media Plans and Business Promotion Materials. You must use our designated business promotion materials and database management tools in promoting the Business. In addition to the business promotion materials we designate, we may develop, and make available to you, local business media planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. You will use only marketing, advertising and promotional materials we approve in promoting the Business. If you desire to use any marketing, advertising or promotional materials in promoting the Business which we previously have not approved, you must obtain our written approval before using any such materials, which approval will not be unreasonably withheld. If we do not respond within seven (7) business days from the date we receive your proposed materials, you may use such materials provided they otherwise comply with this Agreement. If we later determine that such marketing or advertising materials do not satisfy our then-current standards, you will immediately cease using such materials upon written notice from us.

E. Participation in Certain Programs and Promotions. In addition to your obligations in Section 5(B), you will use your best efforts to promote and advertise the Business and will participate in mandatory marketing, advertising and promotional programs we establish in the manner we direct.

6. DEVELOPMENT AND OPENING OF THE BUSINESS

A. Business Premises. You must maintain a business address to serve as the office for the Business. You may either lease a space for the Business that we consent to, or operate the Business from

a home office. The location of the Business office must be within your TPR and approved by us. You must locate a site for your Business that meets our approval within sixty (60) days following the Effective Date. Regardless of whether you lease a space for the Business or operate the Business from a home office, the Business premises must meet our standards and requirements. If you enter into a lease for the Business premises, you must provide a copy of the proposed lease to us before you sign it. We reserve the right to reject the proposed lease if your lease does not meet the requirements we specify in the Operations Manual. If you elect to operate the Business from a home office, we may require you to relocate the Business to a storefront site upon twelve (12) months' prior written notice to you. If we require you to obtain a storefront location, you must use in constructing the premises only those types of construction and decorating materials, fixtures, equipment (including the Computer System), furniture, signs, décor items, flooring and trade dress (both interior and exterior) that we have approved for Lendio® businesses as meeting our specifications and standards for appearance, function and performance.

B. Computer System. We require you to use in the Business the computer system we designate, including all existing or future communication or data storage systems, hardware, software, components thereof and associated service, which we have developed and/or selected for the System (the "Computer System"). The Computer System may not be used in connection with any business other than the Business. The Computer System developed for use in your Business will include one or more designated proprietary software programs (the "Proprietary Software"). We may require you to enter into a computer software access or license agreement with us, an affiliate or a third party, in connection with your use of the Proprietary Software and you may be required to pay us or our designee any corresponding license or access fees. In addition, you must pay us a monthly Technology Fee (as described in Section 4(E) above) for certain support we or our designee provide to you respecting the Computer System. You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. We have the right to designate a single source from which you must purchase the Computer System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to the Computer System, including any additions or modifications to the Proprietary Software. We also may access financial information and Client Data produced by or otherwise located on your Computer System. We own the Client Data that is stored on the Computer System and you assign your rights in the Client Data to us. We periodically will establish policies respecting the use of the Client Data, including restrictions as to storing, recording or moving data. In satisfying our requirements as to the ownership, collection and use of Client Data, you must implement all measures necessary, including satisfaction of any Client notice and consent requirements, to comply with all federal and state privacy and other applicable laws. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims that you may have against us as the direct or indirect result of such disruptions, failures or attacks.

C. Business Opening. Before opening the Business, your Managing Principal and any Business manager(s) must successfully complete the initial training program described in Section 7(A) below. You will not open the Business without our prior written approval. You agree to open the Business within ninety (90) days following the Effective Date.

D. Relocation of Business. You will not relocate the Business from the approved location of the Business without our prior written consent. If you relocate the Business under this Section, the "new" franchised location of the Business, including the premises, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for Lendio® businesses. We will not unreasonably withhold our consent to the proposed relocation, provided we have received at least sixty (60) days' written notice before closing the Business at its existing location, you have obtained a location acceptable to us within your TPR, and you agree to open the "new" location for the Business within five

(5) days after you close the Business at the “prior” location and otherwise comply with any other conditions that we may require. In addition, we may require you to pay us a relocation fee equal to One Thousand Dollars (\$1,000) for services we will provide in connection with the relocation of your Business.

7. TRAINING AND OPERATING ASSISTANCE

A. Training. Before you commence operating the Business, we will provide, for the Managing Principal and any Business manager(s), an initial training program on the operation of the Business. All attendees must complete our initial training program to our satisfaction. Each person we require to attend our initial training program must have obtained all required insurance licenses and any other applicable licenses or certifications necessary to participate in the operation of the Business before commencing training.

The initial training program will take place over a period of up to five (5) days at our headquarters in Utah or another location we designate. The initial training program includes instruction relating to Business operations, instruction on Designated Financial Products you will promote and Services you will offer, promote and sell at your Business, sales and marketing, administration, and software. If, during the initial training program, we determine that the Managing Principal is not qualified to participate in the Business, we will notify you and you must select and enroll a substitute Managing Principal in the initial training program.

After the Business opens, we will provide training (at times we determine) to any new Managing Principal or Business manager at your expense. We may require that a Principal Owner, any Managing Principal or manager attend or participate by Internet in all supplemental and refresher training programs that we designate. We may charge you a reasonable fee for each supplemental and refresher training program. In addition, your Principal Owners, Managing Principal and any of your employees must attend all required ongoing education or training programs required under federal, state or local law.

You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the initial training program or any supplemental or refresher training programs.

B. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Business as we deem appropriate. Operating assistance may include advice regarding the following:

1. Designated Financial Products and Services authorized for promotion or sale at or through your Business;
2. marketing assistance and sales promotion programs; and
3. establishing and operating administrative, bookkeeping, accounting and general operating procedures for the proper operation of a Lendio® business.

We will provide such guidance, in our discretion, through our Operations Manual, bulletins or other written materials, supplemental training programs, telephone conversations and/or meetings at our office or at the Business during an inspection of the Business. We may provide additional assistance for a fee. If such assistance requires a site visit, we will require that you reimburse us for our travel expenses.

C. Client Support Services. We or our affiliate will conduct certain Client support activities and services that we periodically determine, which will include reviewing and processing Client

applications for Designated Financial Products, reviewing Services you provide, communicating with lenders, assisting with the development of a business plan, and such other services as we periodically may designate in the Operations Manual. You must furnish us with timely information consistent with the format, methods of communication and procedures that we periodically direct in order to provide Client support and related services. You will provide us with copies of other reports and other information and supporting records as we designate. All information must be on forms approved by us and that you sign and verify. The client support and related services we provide may be based entirely on information we receive from you, and we are not responsible for any error caused by inaccurate information you provide. You acknowledge and agree that we reserve the right to make a final determination as to the appropriate Designated Financial Product(s) for each Client, even if that determination is inconsistent with your recommendation for that Client. Further, you acknowledge and agree that our approved suppliers or providers retain the right to determine whether to approve any Designated Financial Product selected for a Client.

D. Operations Manual. We will provide on loan to you, during the term of this Agreement, electronic (internet) access to an Operations Manual, and other handbooks, manuals and written materials (collectively, the "Operations Manual") for Lendio® businesses. The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that we develop for Lendio® businesses and information relating to your other obligations. Any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We may add to, and otherwise modify, the Operations Manual to reflect changes in Designated Financial Products and authorized Services, and specifications, standards and operating procedures of a Lendio® business. The master copy of the Operations Manual that we maintain electronically or at our principal office and make available to you will control if there is a dispute involving the contents of the Operations Manual.

E. Annual Convention. We may periodically hold or sponsor franchise conventions and meetings relating to new Designated Financial Products or Services, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. These franchise conventions and meetings may be optional or mandatory, as we designate. Your Managing Principal must attend, at your expense, all mandatory franchise conventions and meetings we may hold. If your Managing Principal cannot attend a convention or meeting, he or she must so notify us before the convention or meeting and must have a substitute person acceptable to us attend the event. We reserve the right to charge you a fee for any annual franchise convention or meeting that we sponsor or designate, regardless of your attendance.

8. MARKS

A. Ownership And Goodwill Of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the operation of your Business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term. You agree that your use of the Marks and any goodwill established exclusively benefits us and our affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term or after the termination or expiration of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations On Your Use Of Marks. You agree to use the Marks as the sole identification of the Business, but you must identify yourself as an independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any

Mark in selling any unauthorized product or service or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions On Internet And Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication); (3) create or register any Internet domain name in connection with your Business; (4) use any e-mail address which we have not authorized for use in operating the Business; and (5) conduct any activity on “social media” or related social networking websites other than as we have expressly authorized in writing. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Business or conduct any business on the Internet, including using social and professional networking sites to promote your Business, except as provided in our written social media policy or with our prior written approval.

D. Notification Of Infringements And Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name or trademark of which you become aware. You must not communicate with any person other than us, our affiliates and our respective legal counsel regarding any infringement, challenge or claim. We or our affiliates may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to Section 18(B) below, we will pay the cost and expense of all litigation we incur, including attorneys’ fees, specifically relating to the Marks. We and our affiliates and our respective legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

9. BUSINESS IMAGE AND OPERATING STANDARDS

A. Condition And Appearance Of Business/Rebuilding Of Business. If applicable, you agree to maintain the condition and appearance of the Business premises, and any vehicle that you intend to use in connection with the operation of the Business, as we may require, to maintain the overall appearance, efficient operation and image of Lendio® businesses (as we may modify periodically). You will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior (if applicable) of the Business, and periodically clean and redecorate the Business; provided that we will not require you

to substantially modernize or refurbish the Business more than once every five (5) year period starting from the Effective Date. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Business premises or its fixtures, equipment, furniture or signs does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. To the extent the cooperation of the landlord is needed to complete the maintenance or refurbishing, you will use your best efforts to work with the landlord to correct the deficiency.

If the Business is damaged or destroyed by fire or any other casualty, you will take immediate action to repair the Business premises to its original condition before the casualty or find another site acceptable to us for the Business premises. To the extent you can repair the premises of the Business consistent with any then-current decor and specifications of a new Lendio® business without incurring substantial additional costs, we may require you, by giving written notice, that you repair the Business premises in compliance with our then-current decor and specifications.

B. Restriction on Use of Premises. You agree that you will not, without our prior written approval, promote or sell any financial products other than the Designated Financial Products or offer at the Business any services not then authorized by us for Lendio® businesses, nor will the Business or the premises which you occupy be used for any purpose other than the operation of a Lendio® business in compliance with this Agreement.

C. Your Hiring And Training Of Employees. You will hire all employees of the Business, and be exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Business employees and agents without any influence or advice from us. You will implement a training program for Business employees that complies with our requirements. Your Managing Principal and all employees must obtain and maintain all licenses required under applicable laws.

D. Designated Financial Products, Services, Supplies And Materials. You agree that the Business will only promote the Designated Financial Products and only offer for sale the Services we designate and you cannot promote, offer for sale or market at the Business any other financial products or services. In addition, you agree that you will not, without our prior written approval, use in operating the Business any non-financial products or services not then authorized by us for Lendio® businesses. If you propose to use any non-financial product or service in operating the Business which we have not approved, you must first notify us in writing and provide sufficient information and specifications concerning the brand and/or supplier of the non-financial product or service to permit us to determine whether the brand complies with our specifications and standards, the supplier meets our approved supplier criteria and/or the services are consistent with our brand image as we determine. We will notify you within ninety (90) days whether or not the proposed brand, supplier or service is approved. We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We reserve the right to charge each proposed supplier or you a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any non-financial product and service to be used in the Business. You acknowledge and agree that we will have the absolute discretion to determine and periodically modify and supplement the list of Designated Financial Products. Further, you agree that certain other products as well as services, materials, supplies and other items may only be available from one source, and we or our affiliates may be that source. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING EQUIPMENT (INCLUDING ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM.

E. Standards Of Service. You must at all times give prompt, courteous and efficient service to all prospective and current Clients. You must maintain the highest standards of honesty, integrity and fair dealing in providing the Services, and comply with all Client service requirements described in the Operations Manual.

F. Specifications, Standards And Procedures. You acknowledge and agree that the appearance and operation of the Business is important to us and other Lendio® businesses. You agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a Lendio® business, including:

1. the Designated Financial Products promoted and Services promoted or offered for sale through the Business;
2. methods and procedures relating to marketing and Client service; and
3. Business marketing, advertising and promotion.

G. Compliance With Laws And Good Business Practices. You understand that you are an independent business owner and you are solely responsible for compliance with all applicable laws, regulations and ordinances relating to the operation of the Business. In addition, you must satisfy all applicable training for the Designated Financial Products you promote and the Services which you promote or offer for sale from the Business. You, your Managing Principal and all employees must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Business, the Designated Financial Products promoted and the Services offered or provided and must operate the Business in full compliance with all applicable laws, ordinances and regulations. Specifically, you must comply with all laws and regulations respecting the promotion of Designated Financial Products, including those relating to suitability and state and/or federal-required anti-money laundering or other compliance training. You must also comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You further agree to comply with all applicable federal, state and local laws, regulations and ordinances relating to employment and labor, including all laws, regulations and ordinances relating to any obligation to pay any withholding taxes, social security, unemployment insurance, workers' compensation insurance, disability insurance, and employee benefits, and all laws, regulations and ordinances relating to employment practices. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, equitable award, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect your financial condition or the operation or financial condition of the Business. You will not conduct any business, employment, marketing or advertising practice which injures our business, the System or the goodwill associated with the Marks and other Lendio® businesses.

H. Management Of The Business/Conflicting Interests. You must at all times faithfully, honestly and diligently perform your obligations and continuously use your best efforts to promote and market the Business. The Managing Principal must assume his/her responsibilities on a full-time basis. The Business must at all times be under the Managing Principal's direct supervision and the Managing Principal must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations without our prior written approval.

If at any time the Managing Principal is not managing the Business, we may appoint a manager to maintain Business operations on your behalf. Our appointment of a manager of the Business does not

relieve you of your obligations or constitute a waiver of our right to terminate the Franchise under Section 15 below. We are not liable for any debts, losses, costs or expenses incurred in operating the Business or to any of your creditors for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We may charge a reasonable fee for management services and cease to provide management services at any time.

I. Insurance. You agree to purchase and maintain in force, at your expense, all policies of insurance we require, including the following:

1. Comprehensive general liability insurance, including contractual liability and advertising injury coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence;
2. Professional liability insurance, including contractual liability, cyber liability, cyber extortion, and network, security and privacy liability, with coverage of at least One Million Dollars (\$1,000,000) per occurrence or claim;
3. Worker's compensation, employer's liability and other insurance to meet statutory requirements;
4. Fire, vandalism, theft, burglary and extended coverage insurance with primary and excess limits of not less than one hundred percent (100%) replacement value of the franchised facility and fixtures, equipment and inventory; and
5. Automobile liability insurance, including personal injury, wrongful death and property damage, for all vehicles used in the operation of the Business.

All insurance policies will: (1) be issued by our approved or designated vendor(s) of insurance services; (2) will name us and our affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each Lendio® business that you operate; and (5) provide that we will receive thirty (30) days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least two (2) weeks before you open your Business and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. Your obligation to obtain and maintain these insurance policies in the amounts required by us shall not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 18(B). Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The minimum requirements of insurance specified in this Agreement are for our protection. You should consult with your own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits required by us.

J. Participation in Internet Website. You will participate in a Lendio® website listed on the Internet or other online communications and participate in any intranet system we control. We will, at our discretion, determine the content and use of a Lendio® website and intranet system and will establish rules under which franchisees may or will participate. We will retain all rights relating to the Lendio® website and intranet system and may alter or terminate the website or intranet system upon thirty (30) days' notice to you. Your general conduct on the Internet and the Lendio® intranet system, and specifically your use of the Marks or any marketing or advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or intranet system is considered Confidential Information (as defined in Section 1(D) above), including access codes and identification codes. Your right to participate in the Lendio® website or intranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

K. Minimum Performance Requirements. You agree to use your best efforts to promote the Business. During the Term, you must satisfy the any minimum performance requirements we specify in the Operations Manual.

L. Corporate Accounts. We operate a "Corporate Accounts Program" that is designed to generate Client leads as a result of national marketing, strategic alliances and partnerships, or other lead generation efforts we or our affiliates conduct or that otherwise involves Clients that have more than one business unit or office (one of which is located outside of your TPR), or that meet other qualifications that we periodically prescribe. We may permit you to participate in the Corporate Accounts Program and service certain Client leads in your TPR under the terms of the Program as described in the Operations Manual or as we otherwise describe in writing. You understand that: (1) we will establish the rules under which you may participate, (2) we retain the absolute discretion in determining whether and to what extent you may participate in the Corporate Accounts Program; (3) we or our affiliates reserve the right to service, or license or allow others to service any Client leads within your TPR that are obtained through the Corporate Accounts Program, and (4) we may terminate, modify, or replace the Corporate Accounts Program at any time. You acknowledge and agree that, in addition to the Business Generation Fees described in Section 4(B) above, you must pay our then-current fees for participation in the Corporate Accounts Program. In connection with the Corporate Accounts Program, we may establish an optional Corporate Accounts referral program for participation by Lendio® franchisees. The terms and conditions of such program will be provided in the Operations Manual, and we may terminate, modify or replace the referral program at any time.

10. RECORDS AND REPORTS

A. Accounting And Records. During the Term, you will, at your expense, maintain at the Business premises and retain for a minimum of five (5) years from the date of their preparation, complete and accurate books, records and accounts (using such methods and systems of bookkeeping and accounting as we may require) relating to the Business (the "Records"), in the form and manner we direct in the Operations Manual or otherwise in writing. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. The Records will include the following: (1) cash disbursements journal and weekly payroll register; (2) monthly bank statements and profit and loss statements; (3) all tax returns relating to the Business and of each of the Principal Owners; (4) suppliers' invoices (paid and unpaid); (5) Computer System records; (6) semi-annual balance sheets and monthly profit and loss statements; and (7) such other records and information as we periodically may request.

B. Reports And Tax Returns. You will deliver or provide access to us the following: (1) weekly sales reports; (2) by the fifteenth (15th) of each month monthly financial statements for the previous month that

include a complete profit and loss statement and a balance sheet; (3) within thirty (30) days after the end of each calendar quarter an accounting of funds you have spent for approved local marketing as described in Section 5(B) above; and (4) within sixty (60) days after the end of each fiscal year, an annual profit and loss statement and source and use of funds statement for the Business for the year and a balance sheet for the Business as of the end of the year. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and signed and verified by you, as outlined in the Operations Manual.

11. INSPECTION AND AUDITS

A. Our Right To Inspect The Business. To determine whether you are complying with this Agreement, we may, at any time during business hours and without prior notice to you, inspect the Business premises. You will fully cooperate with our representatives making any inspection and will permit our representatives to take photographs or videotapes of the office and to interview employees in connection with the Business.

B. Our Right To Examine Books And Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records (including the books, records and state and/or federal income tax records of any Principal Owner). Records and supporting documents may be maintained electronically, consistent with our requirements. Any hard copy Records and supporting documents must be maintained at the Business premises or your primary business office. You will make financial and other information available at a location we reasonably request, and will allow us (and our agents) full and free access to any such information at the Business or corporate office. You also must make copies of any Records we request and deliver those Records to us or our designee. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Revenue. If any examination or audit discloses an understatement of Gross Revenue you receive directly, you will pay to us, within fifteen (15) days after receipt of the examination or audit report, all fees due on the amount of the understatement, plus interest (at the rate provided in Section 4(J) above) from the date originally due until the date of payment. You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that you have realized, and failed to report, any Gross Revenue relating to the Business. The foregoing remedies are in addition to all other remedies and rights of ours under applicable law.

12. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any Confidential Information disclosed in written (including electronic) form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Business employees; and (5) will

sign a Confidentiality Agreement and will require the Managing Principal and other employees and agents with access to Confidential Information to sign such an agreement in a form we approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements, additions and Client Data relating to the development and/or operation of a Lendio® business or the System, or any suggested new trade names, or other commercial symbols, or associated logos relating to the operation of the Business, or any marketing, advertising or promotion ideas related to the Business (collectively, the “Improvements”) that you and/or your employees conceive or develop during the Term. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

13. COVENANTS

A. Non-Solicitation Of Clients. You covenant that, during the Term, and for a period of eighteen (18) months thereafter, you will not, directly or indirectly divert or attempt to divert any business, account, prospective Client or Client of the Business or any other Lendio® businesses or the System to any competing business.

B. Covenant Not To Compete During Term. You (and each Principal Owner) will not, during the Term, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any business (including any e-commerce or internet-based business) that distributes, promotes, markets, sells or otherwise deals in, business financing and other related financial products and services the same or similar to a Lendio® business (a “Competitive Business”), except: (1) with our prior written consent; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

C. Post-Term Covenant Not To Compete. You (and each Principal Owner) will not, for a period of eighteen (18) months after this Agreement expires or is terminated or the date on which you cease to conduct the business franchised under this Agreement, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in a Competitive Business, within your TPR or the territory of primary responsibility of any other then-existing Lendio® business or within ten (10) miles of the outside boundary of your former TPR or the territory of primary responsibility of any other then-existing Lendio® business; provided, however, that this Section 13(C) will not apply to: (1) other Lendio® businesses that you operate under separate Lendio® franchise agreements; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities. For purposes of this Section, any Competitive Business that operates by means of the internet, a website or other form of electronic communication will be in violation of this provision if such e-commerce business or website promotes, offers, sells or otherwise makes its products or services available to individuals residing within or businesses located within ten (10) miles of the outside boundary of your former TPR or the territory of primary responsibility of any other then-existing Lendio® business. You agree that the

length of time in this Section 13(C) will be tolled for any period during which you are in breach of the covenants or we must seek to enforce your obligations in this Section.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek equitable or injunctive relief without posting any bond or security, in addition the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement. We reserve the right to outsource or assign any of our obligations under this Agreement to an affiliate or third party without your consent.

B. Your Assignment Or Sale of Substantially All Of Your Assets. You understand that we granted the franchise under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability and financial capacity. You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, the Business, substantially all or all of the assets of the Business, this Agreement or any “controlling interest” in you unless you obtain our prior written consent. A “controlling interest” includes a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporate franchisee or of the ownership interest in a limited liability company or partnership). We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may, in our discretion, deem necessary:

1. All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement;

2. The transferee-franchisee (and its owners) are approved by us and demonstrate to our satisfaction that they meet our managerial, financial and business standards for new franchisees, possess a good business reputation and credit rating, and have the aptitude and ability to conduct the Business. You understand that we may communicate directly with the transferee-franchisee during the transfer process to respond to inquiries, as well as to ensure that the transferee-franchisee meets our qualifications;

3. The transferee-franchisee enters into a written agreement, in form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of the Term or, at our option, signs our then-current standard form of franchise agreement (which agreement may provide rights and obligations different from those provided in this Agreement, including different Business Generation Fees, Brand Fund Fees and other fees);

4. The transferee-franchisee successfully completes the initial training program required of new franchisees;

5. If required, the lessor of the Business premises consents to your assignment or sublease of the premises to the transferee-franchisee;

6. You pay us an assignment fee equal to one-third (1/3) of the then-current initial fee. There is no assignment fee due upon transfer to heirs or immediate family members;

7. Subject to applicable law, if the transferee-franchisee was introduced to you by us during the eighteen (18) month period immediately preceding the assignment, you pay us an additional fee equal to the greater of: (i) ten percent (10%) of the purchase price associated with the assignment, or (ii) Two Thousand Five Hundred Dollars (\$2,500).

8. You (and each Principal Owner) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, and our current and former officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

9. We approve the material provisions of the assignment or sale of assets, which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

10. You and each Principal Owner sign an agreement, in form satisfactory to us, in which you and each Principal Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

If the transfer involves less than a “controlling interest” in you (taking into account any prior changes of ownership or transfers), you are not required to obtain our prior written consent, provided you comply with any or all of the following conditions which we may deem necessary:

1. You provide us with thirty (30) days advance written notice of the transfer;
2. Any new Principal Owner signs a personal guaranty in the form we designate;
3. You pay us an assignment fee equal to One Thousand Dollars (\$1,000); and
4. You provide us with such other information relating to the transfer as we request.

We may expand upon and provide more details related to, the conditions for transfer and our consent as described in this Section 14(B), and may do so in the Operations Manual or otherwise in writing.

C. Your Death Or Disability. If the Managing Principal dies or is permanently disabled, the Managing Principal’s executor, administrator or other personal representative, or the remaining Principal Owners, must appoint a new Managing Principal acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability. The appointed Managing Principal must satisfactorily complete our designated training program. If a Managing Principal we approve is not appointed within thirty (30) days after the Managing Principal’s death or permanent disability, we may, but are not required to, appoint a manager to maintain Business operations on your behalf until an approved assignee can assume the management and operation of the Business. Our appointment of a Business manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses incurred in operating the Business or to any of your creditors for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We or the manager, if it is a third party, may charge a reasonable fee for management services and may cease to provide management services at any time.

If a Principal Owner dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance will be subject to conditions contained in Section 14(B) above.

D. Public Or Private Offerings. Subject to Section 14(B) above and the provisions stated below, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities.

E. Our Right Of First Refusal. If you or your Principal Owners at any time desire to sell or assign for consideration the Franchise, the Business, an ownership interest representing (in the aggregate through one or more in a series of transactions) fifty percent (50%) or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Business or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again have the right of first refusal.

F. Guaranty. All Principal Owners of you must sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit B (the "Guaranty Agreement"). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you under the provisions of this Section 14 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. We may require the spouse of any person who signs the Guaranty Agreement to also sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a franchisee.

15. OUR TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if: (1) the Managing Principal fails to satisfactorily complete the initial training program or you fail to commence operations of the Business within ninety (90) days following the Effective Date; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Principal Owner make a material misrepresentation or omission in the application for the Franchise; (4) you or any of your managers, directors, officers or any Principal Owner is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we have proof that any such individual has committed such a crime or offense; (5) you fail to conform to the material requirements of the System or the material standards of uniformity and quality for the Services as described in the Operations Manual or as we have established in connection with the System, including our required standards of service; (6) you fail to timely

pay Business Generation Fees or Brand Fund Fees or any other obligations or liabilities due and owing to us or our affiliates or suppliers approved by us as a source for required items, or fail to timely pay any marketing cooperative obligations; (7) you are insolvent within the meaning of any applicable state or federal law; (8) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; (9) you voluntarily or otherwise “abandon” (as defined below) the Business; (10) you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name “Lendio” or any other Mark or the System; (11) you or a Principal Owner make an unauthorized assignment or transfer of this Agreement, the Business or an ownership interest in you; (12) you develop or use an unapproved website in connection with the Business or otherwise conduct any unauthorized activity on the Internet in violation of Section 8(C) above; (13) you fail to attend two (2) or more consecutive mandatory training programs or meetings; (14) you or your employees fail to maintain required insurance or other licenses and do not remedy such situation within ten (10) days; (15) your lease for the Business premises expires or is terminated for any reason (unless, through no fault of you, the lessor of the premises in which the Business is located refuses to renew your lease and you relocate within your TPR to a site approved by us within sixty (60) days thereafter); or (16) you offer or sell any products that we previously have not approved as Designated Financial Products. The term “abandon” means your failure to communicate with us for a period of five (5) consecutive business days without our prior written consent or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Business, unless such failure is due to an event of “*force majeure*” as further described in Section 20(J) below.

B. Procedure. Except as described below, you will have thirty (30) days, or such longer period as applicable law may require, after you receive from us a written Notice of Termination within which to remedy any default hereunder, and to provide evidence thereof to us. If you fail to correct the alleged default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to you effective immediately when the thirty (30) day period (or such longer period as applicable law may require) expires. You will have ten (10) days after your receipt from us of a written Notice of Termination, or such longer period as applicable law may require, to remedy any default under item (6) in Section 15(A) above and to provide evidence thereof to us. We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, if the termination results from any of the following: (1) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any twelve (12) month period; (2) the nature of your breach makes it not curable; (3) you willfully and repeatedly deceive Clients relative to the source, nature or quality of the Designated Financial Products or Services promoted, offered or sold; (4) any default under items (3), (4), (7), (8), (9), (10), (11), (12), (13) or (16) in Section 15(A) above; or (5) you willfully and materially falsify any report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise. Any report submitted under Section 10(B) will be conclusively deemed to be materially false if it understates Gross Revenue by more than four percent (4%). As an alternative to the termination of this Agreement, we may elect to: (i) reduce the size of your TPR; (ii) terminate all or a portion of the territorial protections granted to you under Sections 2(A) and 2(B) of this Agreement; or (iii) suspend performance of our obligations under this Agreement.

C. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR TERMINATION RIGHTS

You may terminate this Agreement if we violate any material obligation of ours to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time of giving such notice of termination. Your written notice will identify the violation and demand that it be cured.

17. YOUR OBLIGATIONS UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason other than a termination as a result of a breach by us, you will:

1. within ten (10) days after termination, pay all amounts due and owing to us or our affiliates, including all Business Generation Fees, Brand Fund Fees, Technology Fees and accrued interest due under this Agreement;
2. discontinue using, and return to us by a reputable overnight delivery service any hard copies of, the Operations Manuals, any Proprietary Software and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;
3. assign to us or, at our discretion, disconnect the telephone number(s) for the Business. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
4. remove all signs, posters, fixtures, decals, wall coverings and other materials from the Business premises that are distinctive of the Business or bear the name “Lendio” or other Marks so that the office is easily distinguished from other Lendio® businesses;
5. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
6. immediately cease using Confidential Information and return to us all documents in your possession that contain Confidential Information; and
7. comply with all other applicable provisions of this Agreement, including the non-compete provisions described in Section 13 above.

Upon termination of this Agreement for any reason, your right to use the name “Lendio” and the other Marks and the System will immediately terminate and you (and the Principal Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to remove all signs and other materials bearing the Marks, we may do so at your expense.

B. Our Option to Purchase Business. If this Agreement expires or is terminated for any reason (other than as a result of our breach), we have the option, upon thirty (30) days’ written notice from the date of expiration or termination, to purchase from you any or all the tangible and intangible assets relating to the Business (excluding any cash, short-term investments and accounts receivable) (collectively, the “Purchased Assets”) and, at our discretion, to an assignment of your lease for (1) the Business premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Business. We may assign this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the Business will be the “Book Value”(as defined below) of the Purchased Assets. “Book Value” means the net book value of the Purchased Assets, as disclosed in the last quarterly statement of the Business provided to us under Section 10(B) before termination or expiration, provided, however, that:(1) each depreciable asset will be valued on a “straight-line” basis without provision for salvage value; (2) we may exclude from the Purchased Assets any products or other items that were not

acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. We and you will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the Business, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Business without interruption. We may set off against and reduce the purchase price by all amounts you owe us or any of our affiliates. If we exercise our option to purchase the Business, we may, pending the closing, appoint a manager to maintain Business operations.

If we assume the lease for the Business under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

C. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship Of The Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties 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. You must conspicuously identify yourself at the premises of the Business and in all dealings with Clients, prospective Clients, lessors, contractors, suppliers, public officials and others as the owner of the Business under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, marketing, advertising and other materials as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, shareholders, members, directors, officers, employees and agents harmless against, and to reimburse us and them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Business or your or your employees' actions or inaction, and all reasonable costs of defending any claim brought against any of us or them or any action in which any of us or them is named as a party (including reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to our negligence.

C. Our Indemnification Obligations. We agree to indemnify and hold you and your officers, directors and agents harmless against, and to reimburse you and them for, any loss, liability or damage solely arising from or relating to our negligence or attributable to agreements, representations or warranties of us, and all reasonable costs of defending any claim brought against you or them or any action in which you or them are named as a party (including reasonable legal fees).

D. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

19. DISPUTE RESOLUTION

A. Mediation. Except as otherwise stated in this Section 19(A), the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization within fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association at our corporate headquarters. The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within sixty (60) days after conferring with the mediator, either party may commence an action as provided for under Section 19(B) below. Either party may bring an action under the applicable provisions of this Section 19 without first submitting the action to mediation under this Section 19(A): (1) for monies owed, or (2) for interlocutory or other equitable relief.

B. Arbitration. Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Section 19(C) below, all disputes, claims and controversies between the parties, whether arising under or in connection with this Agreement or the negotiation, making, performance, breach or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Section 19(A) above will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in Salt Lake City, Utah. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association, or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The decision of the arbitrator(s) will be final and binding on all parties; provided, however, the arbitrator(s) may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us. The binding or preclusive effect of any award will be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind. This Section 19 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement.

C. Injunctive Relief. Notwithstanding Sections 19(A) and (B) above, you recognize that a single franchisee's failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other Lendio® franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

D. Costs and Expenses. The nonprevailing party will pay all costs and expenses, including reasonable attorneys' fees and interest on such costs and expenses, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

20. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure we prescribe is invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either party of any right or remedy precludes such party from exercising or enforcing any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought in applicable state or federal courts in Salt Lake City, Utah. We also have the right to file any such suit against you in the federal or state court where the Business is located. We and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 20(D) will survive the termination of this Agreement.

E. Governing Law. Subject to our rights under federal trademark laws, and the parties' rights under the Federal Arbitration Act respecting Section 19 above, this Agreement will be governed by and construed under the laws of the State of Utah, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Business is located.

F. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals. References to you as neuter or a male will also include a neuter, male or female you as relevant in the context.

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

1. **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.

2. **Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree or are required 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. A decision or action by us 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 to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving Client service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

I. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A 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 BY IT.

J. **Force Majeure.** If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

K. **Notice of Our Potential Profit.** We advise you that we and/or our affiliates will make available to you goods, products and/or services for use in the Business on the sale of which we and/or our affiliates will make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration, including any and all Supplier Incentives, and retain sole discretion regarding the use of such amounts.

L. **Entire Agreement.** The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim representations we made in the franchise disclosure document we furnished to you.

21. **NOTICES**

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence

of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

22. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner's) ability as an independent businessperson, and your active participation in the daily affairs of the Business as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, net revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. You represent and acknowledge that you have received our Franchise Disclosure Document at least fourteen (14) calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least seven (7) calendar days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that our other franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

WE:

LENDIO FRANCHISING, LLC
a Delaware limited liability company

By: _____
Title: _____

YOU:

Name of corporation or other legal entity

By: _____
Title: _____

**EXHIBIT A
TO THE FRANCHISE AGREEMENT**

BUSINESS LOCATION AND TERRITORY OF PRIMARY RESPONSIBILITY

This Exhibit is attached to and is an integral part of the Lendio® Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between us and you.

1. Business Premises. We and you agree that the Business will be located at the following premises: _____.

You acknowledge that our acceptance of a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location for a Lendio® business.

2. TPR. The Territory of Primary Responsibility (TPR) will be either: (A) the following metes and bounds description: _____; or (B) described on the map attached to this Exhibit A.

3. Defined Terms. All capitalized terms contained in this Exhibit and not defined herein will have the same meaning as provided in the Franchise Agreement.

WE:

LENDIO FRANCHISING, LLC
a Delaware limited liability company

YOU:

Name of corporation or other legal entity

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT B
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of even date (the “Agreement”) by Lendio Franchising, LLC (“we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ (“you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable legal fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

(7) The provisions of Sections 19 and 20 of the Agreement will apply as to any interpretation or enforcement of this Guaranty, and the provisions of Section 21 of the Agreement will apply to any notice to either party, except that notice to Guarantors will be provided at the following alternative address (if applicable): _____. If no address is provided, any notice to Guarantors will be sent to the address designated in Section 21 of the Agreement.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN FRANCHISEE

EXHIBIT C
TO THE FRANCHISE AGREEMENT
SOFTWARE ACCESS AGREEMENT

THIS SOFTWARE ACCESS AGREEMENT (this “Agreement”), between Lendio Franchising, LLC (the “Company”), and the Lendio® Licensee listed at the end of this Agreement (“Licensee”), is effective as of _____, 20____ (the “Effective Date”).

BACKGROUND

A. The Company and Licensee have entered into a Franchise Agreement (the “Franchise Agreement”) under which Licensee will operate a Lendio® franchised business at a designated site (the “Franchised Business”). Under the Franchise Agreement, Licensee must use the software designated by the Company in operating the Franchised Business.

B. The Company has licensed from Lendio, Inc. (the “Software Licensor”) proprietary third-party software for use in back-office computers for tracking, analyzing and reporting sales and other operational information, customized for use in the Franchised Business (the “Software”).

C. The Company has contracted with a third-party hosting service to host the Software on a wide-area network in a data center environment that offers security, high-availability and back-up services (the “Hosting Service”). Licensee desires to access the Software through the Hosting Service for Licensee’s Franchised Business.

AGREEMENT

In consideration of the foregoing and the agreements stated below, the parties agree as follows:

1. **ACCESS TO SOFTWARE**

The Company grants to Licensee a non-transferable and non-exclusive right to access the Software through the Hosting Service for use solely in connection with the operation and management of the Franchised Business.

2. **RESTRICTIONS ON USE**

A. **General.** Licensee may use the Software only as permitted under the terms of this Agreement. Licensee cannot use the Software for any other use, including copying or reproduction; processing of data arising other than from the internal operations of the Franchised Business; disassembling, reverse engineering, or accessing the source code of the Software; publication or disclosure; license, sublicense or re-license; alteration; or unauthorized assignment or transfer. Licensee will use its best efforts to protect the Software at all times from any unauthorized use.

B. **Additional Restrictions.** The Software Licensor has entered into an agreement with the Company to use and sublicense the use of the Software (the “Licensor Agreement”) only on the condition that the Company and its permitted assigns, including Licensee, agree to comply with each of the provisions described in Exhibit H-1 attached hereto (the “Licensee’s Additional Obligations”). Licensee agrees to fully comply with each of the provisions of this Agreement, including Licensee’s Additional Obligations, and understands that Licensee’s violation of any of such provisions may jeopardize the Company’s and

other licensees' use of the Software, in addition to the possible termination of Licensee's rights under this Agreement.

C. Multiple Locations. This Agreement applies only to one Franchised Business location. If Licensee operates more than one Franchised Business, Licensee and the Company must enter into a separate Agreement for each Franchised Business location.

3. HOSTING SERVICE

A. Connectivity. Licensee must provide Wide Area Network (WAN) connectivity, either Internet-based or private connection, from Licensee's site with sufficient bandwidth to meet Licensee's use demands. Licensee must use the current version of a compatible browser configuration as specified by the Company. Licensee will comply with the Company's minimum hardware and software requirements, as disclosed and periodically updated in the Company's confidential franchise operations manuals (the "Operations Manual").

B. Uptime. The Hosting Service will provide Licensee access over the Internet or by frame connection to the Software. The Company's agreement with the Hosting Service provides for availability of the Hosting Service's network and servers 100% of each calendar month, excluding periods of scheduled maintenance, emergency maintenance, scheduled Software updates, and unavailability due to the Company or Licensee hardware, software or connectivity problems. Neither the Hosting Service, the Company, nor the Software Licensor is responsible for loss of access to the Software for reasons that are beyond their reasonable control. It is necessary that maintenance of the system be undertaken and upgrades made to the Software from time to time. Reasonable commercial efforts will be used to conduct maintenance and upgrades on a scheduled basis.

C. Security. Company will administer the distribution and assignment of logon identities and passwords for each user in Licensee's organization. Licensee is responsible for keeping and maintaining the security of the passwords. The Company will not be responsible for unauthorized access to Licensee's data that results from Licensee's failure to keep secure the assigned passwords.

D. Backup. The Hosting Service will maintain a copy of data for a reasonable period of time. Neither the Company nor the Hosting Service will be liable for lost data, materials or information.

4. PAYMENT

A. Monthly Support Fee. Licensee will pay the Company the Technology Fee as detailed in the Franchise Agreement for the support and maintenance services described herein and for accessing the software. Licensee is responsible for any sales, excise, use or value-added taxes applicable to the Software or this Agreement. The Company reserves the right to periodically increase the Technology Fee; provided that Company will not increase the Technology Fee by more than twenty-five percent (25%) each year.

5. SUPPORT AND MAINTENANCE

A. Company Support Services. The Company will provide the following maintenance services (directly or through the Software Licensor and/or hosting company) to Licensee during the term of this Agreement: at a minimum, help desk support from 8 a.m. to 7 p.m. mountain standard time, Monday-Friday, excluding holidays, to answer questions related to functionality of the Software; correcting identifiable and reproducible program errors in the Software; and providing major upgrades of the Software that are made generally available by the Software Licensor. The Company may (and currently does) provide support for additional hours and on weekend days. Help desk services are not a substitute for

training or consulting services. Training documentation is provided for Licensee to train its own employees. Training classes may also be offered for additional fees.

B. Software Updates. The Company may, in its sole discretion, periodically release updates, modifications and enhancements respecting the Software. Licensee will install any fixes, updates, modifications or enhancements which the Company designates as mandatory. The Company may charge a reasonable fee for its services, including any services or expenses relating to updates, modifications, and enhancements to the Software which it elects to release.

6. CONFIDENTIALITY

A. Confidential Information. The Company and Licensee agree that all provisions in the Franchise Agreement respecting “Confidential Information” (as defined in the Franchise Agreement) will apply to this Agreement.

B. Customer Data. The Company and Licensee agree that all provisions in the Franchise Agreement respecting “Customer Data” (as defined in the Franchise Agreement) will apply to this Agreement. The Company periodically will establish policies (the “Policies”) respecting the use of and restrictions on the use of Customer Data. Each of the Company and Licensee acknowledge that some or all of the Customer Data may be confidential in nature and that some or all of the Customer Data may represent Confidential Information. The parties agree to maintain the confidentiality of such Customer Data; provided, however, that each party may use the Customer Data for purposes permitted in the Franchise Agreement and the Policies. Further, the Company will use reasonable efforts to obtain the agreement of the Hosting Service and the Software Licensor to maintain the confidentiality of the Customer Data.

7. INDEMNIFICATION FOR THIRD PARTY INFRINGEMENT CLAIMS

A. Indemnification of Licensee for the Software. The Company agrees to extend to Licensee any assignable indemnification rights that the Software Licensor grants to the Company respecting the Software.

B. Indemnification of Licensee for the Software. The Company does not have actual knowledge of any claim that the Software infringes upon a third party’s patent, copyright or other proprietary right. If a third party asserts such an infringement claim against Licensee, Licensee will immediately notify the Company in writing. The Company will have the right (but not the obligation) to defend any such claim, at the Company’s expense, and Licensee will cooperate with the Company with respect to such defense. In the event of any such claim, Licensee will, at the Company’s direction, immediately discontinue using the Software. The Company will either modify the Software so as to make it non-infringing, replace the Software with such other non-infringing software as the Company may furnish to Licensee or discontinue using the Software without compensation to Licensee. The Company will not be liable to Licensee if an infringement claim is based on Licensee’s unauthorized use or modification of the Software. In addition to Licensee’s indemnification obligations under the Franchise Agreement, Licensee will hold harmless, indemnify and defend the Company against all claims and will pay all costs, damages and reasonable attorneys’ fees, arising out of or resulting from Licensee’s failure to comply with all applicable terms of this Agreement.

C. Licensee Indemnification of Company and Software Licensor. In addition to Licensee’s indemnification obligations under the Franchise Agreement, Licensee will hold harmless, indemnify and defend the Company and Software Licensor against all claims and will pay all costs, damages and reasonable attorneys’ fees, arising out of or resulting from Licensee’s failure to comply with all applicable terms of this Agreement.

8. WARRANTY DISCLAIMER

THE COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING NON-INFRINGEMENT (EXCEPT AS PROVIDED IN SECTION 7(A) or 7(B) ABOVE), MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE COMPANY DOES NOT WARRANT THAT THE SOFTWARE IS ERROR-FREE OR THAT USE OF THE SOFTWARE WILL BE FREE FROM MINOR INTERRUPTIONS.

9. LIMITATION ON DAMAGES

THE LIABILITY OF THE COMPANY TO LICENSEE WILL NOT EXCEED THE AMOUNTS LICENSEE PAYS TO THE COMPANY UNDER THIS AGREEMENT. NEITHER THE COMPANY NOR ANY OF ITS OFFICERS, DIRECTORS, AGENTS, AFFILIATES OR REPRESENTATIVES WILL BE LIABLE TO LICENSEE FOR INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) RELATED TO THIS AGREEMENT OR RESULTING FROM LICENSEE'S USE OR INABILITY TO USE THE SOFTWARE, THAT ARISE FROM ANY CAUSE OF ACTION, INCLUDING CONTRACT, WARRANTY, STRICT LIABILITY, OR NEGLIGENCE, EVEN IF THE COMPANY HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

10. PROPRIETARY RIGHTS

Other than the access granted under this Agreement, no right, title or interest in all or any portion of the Software is conveyed or assigned to Licensee, either expressly or by implication, under this Agreement, including any patents, copyrights, trade secrets, trademarks, trade names, or other intellectual property associated with the Software.

11. TERM AND TERMINATION

This Agreement commences on the Effective Date and continues until the current term of the Franchise Agreement terminates or expires, unless this Agreement is earlier terminated under this Section. The Company may terminate this Agreement: (1) immediately upon written notice to Licensee if Licensee violates Sections 1(B) or 6 above or if Licensee makes an assignment for the benefit of creditors, or commences or has commenced against it any proceeding in bankruptcy, insolvency, or reorganization pursuant to bankruptcy laws or laws of debtor's moratorium; (2) if Licensee violates any provision of this Agreement and fails to cure such violation within thirty (30) days or such shorter time as the Company deems reasonably necessary to avoid termination of the Licensor Agreement; (3) Licensee ceases to have the right to operate the Franchised Business; or (4) otherwise upon termination of the Licensor Agreement, provided the Company offers to Licensee substitute software and services with capabilities reasonably necessary to operate the Franchised Business and Licensee agrees to sign a new license or access agreement in the form the Company reasonably directs. In addition, the Company has the right to terminate this Agreement as it applies to the Software upon sixty (60) days' written notice to Licensee if the Company intends to discontinue or replace the Software. Upon termination of this Agreement, Licensee will immediately pay the Company all amounts due respecting the Software and Hosting Service and immediately return to the Company all property relating to the Software and related Software documentation.

12. MISCELLANEOUS

This Agreement will be governed by the laws of the State of Utah.

A. This Agreement represents the entire agreement between the parties respecting this subject matter and supersedes all prior agreements, representations, negotiations and understandings between the parties. The applicable terms of the Franchise Agreement will also control this Agreement. Licensee expressly acknowledges that a violation or default of the Franchise Agreement will constitute a default of this Agreement and any default of this Agreement will constitute a default of the Franchise Agreement. If Licensee defaults under the Franchise Agreement, the Company may pursue all remedies available to it under this Agreement or the Franchise Agreement, including the right of termination.

B. All amendments to this Agreement must be in writing and signed by both parties.

C. If any provision of this Agreement is found by a Court of competent jurisdiction to be illegal or unenforceable, then the remaining provisions will remain in full force and effect.

D. The Company may assign this Agreement to any other person or entity. Licensee may assign this Agreement only to its successor in interest under the terms of the Franchise Agreement.

E. Notices will be given to the parties at the addresses listed in the Franchise Agreement and will be deemed given as described in the Franchise Agreement.

The parties have signed this Agreement as of the date first written above.

THE COMPANY:

**LENDIO FRANCHISING, LLC,
a Delaware limited liability company**

LICENSEE:

(If Franchisee is a corporation or limited liability company)

Name of corporation or limited liability company

By: _____
Title: _____

By: _____
Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

**EXHIBIT C-1
TO THE FRANCHISE AGREEMENT**

ADDITIONAL RESTRICTIONS ON USE OF SOFTWARE

With respect to third-party computer programs provided by the Software Licensor for use with the Software, Licensee acknowledges that its right to use any such third party software is specified on the license agreement provided by the appropriate licensor of such software.

Except as otherwise agreed to by the Software Licensor, no express or implied license or right of any kind is granted to Licensee regarding the Software including any right to know, use, produce, receive, reproduce, copy, market, sell, distribute, transfer, translate, modify, or adapt the Software or related Software documentation (the "Documentation") or create derivative works based on the Software or Documentation or any portions thereof, or obtain possession of any source code or other technical material relating to the Software. The Software may not be used for commercial timesharing, service, business or other rental or sharing arrangements although it may be used by Licensee as described in the attached Agreement. Licensee will not decompile, reverse assemble, or otherwise reverse engineer the Software. Further, Licensee will comply with all applicable laws in connection with the use of the Software.

Licensee acknowledges and agrees that, except for Licensee's license expressly described in this Agreement, Licensee has no right, title and interest in the Software, in any form, or in any copies thereof, including all worldwide copyrights, trade secrets, patent rights and any other proprietary information and confidential information rights therein. In connection therewith, Licensee agrees at all times to keep the Software free of all security interests, liens, encumbrances (other than licenses permitted hereunder), mortgages and claims, and Licensee agrees that neither it nor anyone at its direction will file a financing statement, mortgage, notice of lien, deed of trust, security agreement or any other agreement or instrument creating or giving notice of an encumbrance or charge against the Software.

Neither Software Licensor nor the Company will be liable for any default or delay in the performance of its obligations hereunder: (i) if and to the extent that such default or delay arises out of causes beyond its reasonable control, including acts of God, acts of war, acts of governmental authority, acts of public energy, insurrection, earthquakes, fires, cable cuts, floods, terrorism, and riots (each, a "Force Majeure Event") and (ii) provided such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternative sources, work-around plans or other means. Upon the occurrence of a Force Majeure Event, Software Licensor or the Company, as the case may be, will be excused from further performance or observance of the obligation(s) affected so long as such circumstances caused by the Force Majeure Event prevail and the parties use their reasonable efforts to promptly recommence performance or observance of such obligation(s).

EXHIBIT C

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 500 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau, Franchise Section	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail	1300 East Main Street, 9 th Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT D

CURRENT FRANCHISEES

Current Lendio® Franchisees as of February 28, 2022

<u>Alabama</u>	Omnis Consulting LLC Robert (Bruce) Lucas 139 Whitfield Drive Toney, AL 35773 (256) 509-5319
<u>Arizona</u>	Arizona Business Management Group LLC David Carrizosa 606 E Main Street Mesa, AZ 85203 (480) 573-7260 Financier LB Group LLC Andrew Ornoski 1621 Central Ave Cheyenne, WY 82001 Arizona Small Business Funding LLC (2 territories) Oscar Moreno One South Church Avenue, Suite 1200 Tucson, AZ 85701 (520) 668-8646
<u>Arkansas</u>	Lendio of Northwest Arkansas, LLC Brady Blake 501 SE Hendrix Street Bentonville, AR 72712 (479) 640-7287

<p><u>California</u></p>	<p>True North Consulting, LLC Brett & Adriana Sargent 3941 Park Drive, Suite 20-581, El Dorado Hills, CA 95762.</p> <p>Temecula Valley Business Lending LLC Jeff Richardson 6238 Syracuse Lane San Diego CA 92122</p> <p>LEND PARTNERS CORP Anthony Nyikos 302 Washington Street Ste 810 San Diego, CA 92103</p> <p>Small Business Capital LLC Jason Lee 2901 W Coast Highway, Ste 200 Newport Beach, CA 92663</p> <p>Hybrid Agent Group Inc. Brett Bonecutter 44099 CALLE LUZ Temecula, CA 92592</p> <p>GoldenEra Finance Inc.* Daven Loomba 200 Brown Rd. Suite 203 Freemont CA 94539</p>
<p><u>Colorado</u></p>	<p>Addy Estate Inc. Kyle Addy 390 Interlocken Crescent, Ste. 350 Broomfield, CO 80021 (303) 999-1358</p> <p>Better Business Loans LLC (2 territories) Leanne Airy 5180 South Alton Way Greenwood Village, CO 80111 (303) 525-3323</p> <p>Infinite Business Culture, LLC Dennis Seeman 6655 Brighton Blvd Commerce City, CO 80022</p>
<p><u>District of Columbia</u></p>	<p>Bread Loan, LLC Navin Goel 4927 Auburn Ave., Suite 200 Bethesda, MD 20814 (410) 688-3082</p>

<u>Florida</u>	<p>LENDME1 LLC (3 territories) Luis Salazar 9200 NW 39th Avenue, Suite 130-14 Gainesville, FL 32606 (312) 806-2227</p> <p>Chum Slick Marketing Advantage, LLC Ryan Kostecki 2222 Spanish Trail #2 Delray Beach, FL 33403</p> <p>Alda Group LLC (2 territories) Ken Wolf 1590 W 46th ST, STE 233 Hialeah, FL 33012 (305) 853-9441</p> <p>Zarela's Enterprises Co. Israel (Juan) Flores 9010 SW 137th Ave Ste 117 Miami, FL 33186 (786) 232-1963</p> <p>Growth Capital Lending LLC Drew Tennimon 5200 Station Way Sarasota FL 34233</p> <p>Tampa Financial LLC Brent Benitez 117 S Westland Ave Tampa, FL 33606</p>
<u>Georgia</u>	<p>JP-8 Capital General Partner LLC Jacob Shepherd 184 Lake Ridge Drive. Newnan, GA</p> <p>Six Twelve Legacy, LLC Ebonii Lachea (Moore), Eukeethia Barnes, Allen Huff 7304 South Valdai Circle Aurora, CO 80016</p>
<u>Idaho</u>	<p>Burly Capital Shay Munk 3951 N 550 E Pleasant View, UT 84414 (435) 770-4306</p>
<u>Illinois</u>	<p>Focal Point Financing LLC Mabroor Parekh 33 W Roosevelt Rd Lombard, IL 60148 (847) 750-4726</p>

<u>Louisiana</u>	Pride Financial Services LLC Jarred Landry 6160 W Park Ave Houma, LA 70364
<u>Maryland</u>	John Horrigan & Associates, LLC John Horrigan 888 Bestgate Road STE 401 Annapolis, MD 21401 (443) 848-8432 Bread Loan, LLC Navin Goel 4927 Auburn Ave., Suite 200 Bethesda, MD 20814 (410) 688-3082 RGVM LLC Rashod Gardner 1314 BEDFORD AVE STE 202 PIKESVILLE MD 21208
<u>Michigan</u>	Great Lakes Money Source LLC (6 territories) Dale Beydoun 19855 W. Outer Drive, Suite #505E Dearborn, MI 48124 (313) 438-4883
<u>Minnesota</u>	Kooma International Trading LLC Kian Teo 8059 Curtis Lane Eden Prairie, MN 55347 (612) 877-2028
<u>Nevada</u>	Luther Lending LLC Keaton Luther 8860 S. Maryland Parkway #103 Las Vegas, NV 89123
<u>New Hampshire</u>	North Shore Funding LLC David Hartnett and Kara Hartnett 40 Ashworth Avenue Hampton, NH 03842 P.O. Box 1423 Hampton, NH 03842 (603) 765-8037

<p><u>New York</u></p>	<p>Cole Lending, Inc. Adam Cole 2358 W Genesee Rd. Baldwinsville, NY 13027</p> <p>Next Investors, LLC Shawn Mack & Shariff Marshall 14 Grant Avenue Brooklyn NY 11208</p> <p>Re-Imagine Inc. (3 territories) Richard J. Muto 6605 Pittsford Palmyra Road, Suite W1 Fairport, NY 14450 (585) 703-3442</p> <p>Eazzy Realty Eric (Feng) Zhan 38-08 Union Street Suite 13F Flushing NY 11354</p> <p>The Noonan Agency Charles Noonan 255 Huguenot Street New Rochelle, NY 10801 (718) 542-3187</p>
<p><u>North Carolina</u></p>	<p>Wisdom Financial Consulting, LLC Marvin Wilson 9937 Bradstreet Commons Way Charlotte NC 28215</p>
<p><u>Ohio</u></p>	<p>KB CAPITAL GROUP LLC Kenny Berlin 2692 Madison Road, Suite N1-373 Cincinnati, OH 45208 (513) 376-3088</p> <p>Small Business Experts on Call LLC John Fee 1001 State Street, Suite 907 Erie, PA 16501 (716) 491-0498</p>

<u>Pennsylvania</u>	<p>Crystal Clear Advisors Crystal Battista 2655 Weir Road Aston, PA 19014 (215) 970-4963</p> <p>Small Business Experts on Call LLC John Fee 1001 State Street, Suite 907 Erie, PA 16501 (716) 491-0498</p> <p>Grants Family, LLC (3 territories) Marc Grant 322 North Shore Drive, Building 10, Suite 100 Pittsburgh, PA 15212 (781) 983-6512</p>
<u>South Carolina</u>	<p>MB Lending Services Dusty Davis & Kirby Weldon 256 Walnut Grove Court Myrtle Beach, SC 29579</p>
<u>Tennessee</u>	<p>RoJo & Co, LLC Joe Gadd 9005 Overlook Blvd Brentwood, TN 37027 (615) 600-9523</p> <p>CFD Capital Inc John Crespo 3388 Thistle Trace Clarksville Tn 37040</p> <p>LendingWISE, LLC Dave Prescher 9837 Foot Path Lane Knoxville, TN 37922 (949) 302-8444</p> <p>JV Consulting, LLC Veronica Gromada 1490 Union Ave Memphis, TN 38104</p>

<p><u>Texas</u></p>	<p>Alimi Fin Market LLC Adelanni George 350 N St Paul St, #2902 Dallas, TX 75201 (916) 799-6177</p> <p>Towers Strategies, LLC* 1. Juan Carlos Torres 7950 Hosta Way Fort Worth, Texas 76123</p> <p>Lending Leaders LLC Anand Palanisamy & Sangeetha Thangamuthu 10131 Atwood dr Frisco Texas 75035</p> <p>Alexandar Investments LLC Rick Darouse 4732 Swan Crest Ct. League City, TX 77573</p> <p>Hybrid Agent Group Texas, LLC Sean Hasson 8594 Burdekin Rd Magnolia, TX 77354</p> <p>A & L Associates LLC Antonio & Laura Villarreal 2604 San Eduardo Mission, TX 78572 (956) 227-5713</p> <p>Eric Siess Strategies, LLC Eric Siess 17503 La Cantera Parkway, #104-479 San Antonio, TX 78257 (210) 794-9656</p> <p>New Horizon Summit Group, LLC (Houston Southwest) Chris Bui 3976 Bluebonnet Drive Stafford, TX 77477</p>
<p><u>Utah</u></p>	<p>Burly Capital Shay Munk 3951 N 550 E Pleasant View, UT 84414 (435) 770-4306</p> <p>Red Rock Lending Inc. (4 territories) 12054 South Janice Drive Riverton, UT 84065 801-900-6962</p>

<u>Washington</u>	Commercial Funding Group LLC Daniel Davis 902 N 77th St Seattle, WA 9810 (206) 294-8952
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*Signed but not opened as of December 31, 2021.

LIST OF FORMER FRANCHISEES

Former Franchisees as February 28, 2022

<u>Arizona</u>	<p>Alternative Capital Group, LLC Aaron Gilletti 4810 E Runaway Bay Dr Chandler, AZ 85249 (480) 382-7021</p> <p>Foreman Industrial Co., LLC Sam Foreman and Vanessa Ethier 4720 E Tierra Buena Lane Phoenix, AZ 85032 (480) 323-8537</p>
<u>Arkansas</u>	<p>2M Lending, LLC Matt Merrill 220 N. Greenwood Ave., Suite A Fort Smith, AR 72901 (918) 315-5596</p>
<u>Kansas</u>	<p>WenRay Company, Inc. Wendy Eaton and Ray Eaton 1018 S 7th Street Kansas City, KS 66105 (816) 842-7500</p>
<u>Illinois</u>	<p>Alto36 Investments, LLC Andrew Gorski 2863 95th Steet, Suite 143-216 Naperville, IL 60564 (413) 281-2796</p>
<u>Florida</u>	<p>Small Business Capital Solutions, LLC (2 territories)* Traci Halky 2000 PGA Boulevard, Suite 4440 Palm Beach Gardens FL 33408 (203) 278-2291</p>
<u>Maine</u>	<p>DCW Holdings, LLC Donovan White 40 Main Street, Suite 13-140 Biddeford, ME (207) 671-8550</p>
<u>Michigan</u>	<p>CMH Capital Solutions, LLC Colin Hutchinson 22601 Saddle Ridge Lane Battle Creek, MI 49017 (269) 555-1212</p>
<u>Missouri</u>	<p>WenRay Company, Inc. Wendy Eaton and Ray Eaton 1018 S 7th Street</p>

	Kansas City, KS 66105-2008 (816) 842-7500
<u>New Hampshire</u>	John Jay Enterprise, LLC John Jacob 10 Eagle Crest, Suite 202 Williston, VT 05495 (203) 710-9019
<u>Oklahoma</u>	2M Lending, LLC Matt Merrill 220 N. Greenwood Ave., Suite A Fort Smith, AR 72901 (918) 315-5596
<u>Pennsylvania</u>	Magid Financial Services Inc. Joseph Magid 2528 Huntingdon Pike Huntingdon Valley, PA 19006
<u>South Carolina</u>	Ronemus Capital LLC Andy Ronemus 301 Woodland Way Clemson, SC 29631 (706) 829-9123 One Less Task, LLC Chrystal & Terrence Wilson 1911 Old Pelzer RD Piedmont, SC 29673
<u>Texas</u>	Frisco Funding Tony Palumbo 315 Ellsworth Street Colorado Springs, CO 80906 (716) 824-5002
<u>Vermont</u>	John Jay Enterprise, LLC John Jacob 10 Eagle Crest, Suite 202 Williston, VT 05495 (203) 710-9019

EXHIBIT E
STATE ADDENDA

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

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

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

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

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

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

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

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

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosures:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): 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.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

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

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 1 and 7, Additional Disclosures:

Prior to operating your Business, you may be required to obtain licenses through the Washington Department of Financial Institutions. Such licenses may require additional fees, bonding requirements, and examinations, all of which will increase your cost to operate your Business. If you are unable to obtain any necessary licensing, you may not be able to successfully operate your Business.

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT,
DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE AND RELATED AGREEMENTS

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Franchisees who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of Washington State.

Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR:
LENDIO FRANCHISING, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT F

SAMPLE RELEASE OF CLAIMS

RELEASE OF CLAIMS

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Lendio Franchising, Inc. ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. Franchisor and Franchisee entered into a Lendio® Franchise Agreement dated _____, _____.

B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release.** Franchisee hereby releases Franchisor, its officers, directors, shareholders, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between Franchisor and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

FRANCHISEE:

FRANCHISOR:

LENDIO FRANCHISING, INC.

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT*

Applicant _____

(If corporation) State of Incorporation _____

Address of Applicant _____

Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.
2. I have signed and returned to Lendio Franchising, LLC (you or your) the acknowledgment of receipt for each disclosure document given me.
3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of your covenants and obligations and my obligations as a franchisee of the Lendio® system. I understand that the Franchise Agreement contains all obligations of the parties and that you do not grant to me under the Franchise Agreement any right of first refusal.
4. I understand that this franchised business, as in all business ventures, involves risk and, despite assistance and support programs, the success of my business will depend largely upon me and my ability.
5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.
6. I understand that you have a national marketing and promotional program (the "Brand Fund") which is not directed towards any specific franchise territory but is intended to benefit the entire Lendio® system nationwide. I further understand that amounts from the national marketing and promotional fund will be used to offset any in-house expenses you incur in providing marketing services, media planning, and network marketing support.
7. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

Applicants' Acknowledgment:

Name: _____

Name: _____

Date: _____

Date: _____

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

EXHIBIT H

STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

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

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

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

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

RECEIPT

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

If Lendio Franchising, LLC offers you a franchise, Lendio Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Lendio Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Lendio Franchising, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Lendio Franchising, LLC gives 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 Lendio 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 those state administrators listed on Exhibit C.

Issuance Date: April 29, 2022

The franchisor is Lendio Franchising, LLC located at 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah; (801) 858-3322.

The franchise sellers involved in offering and selling the franchise to you are: Mark Cottle and Mike Baguley, 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah 84043; (801) 858-3322, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Lendio Franchising, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for Lendio Franchising, LLC in the particular state.

I have received a disclosure document with an issuance date of April 29, 2022, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (and Exhibits)
- C. List of State Administrators/Agents for Service of Process
- D. Current Franchisees
- E. State Addenda
- F. Sample Release of Claims
- G. Disclosure Acknowledgment Agreement
- H. State Effective Dates and Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Mark Cottle by email to mark.cottle@lendio.com.

Prospective Franchisee's Copy

RECEIPT

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

If Lendio Franchising, LLC offers you a franchise, Lendio Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Lendio Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Lendio Franchising, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Lendio Franchising, LLC gives 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 Lendio 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 those state administrators listed on Exhibit C.

Issuance Date: April 29, 2022

The franchisor is Lendio Franchising, LLC located at 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah; (801) 858-3322.

The franchise sellers involved in offering and selling the franchise to you are: Mark Cottle and Mike Baguley, 4100 North Chapel Ridge Road, Suite 500, Lehi, Utah 84043; (801) 858-3322, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Lendio Franchising, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for Lendio Franchising, LLC in the particular state.

I have received a disclosure document with an issuance date of April 29, 2022, that included the following Exhibits:

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- D. Current Franchisees
- E. State Addenda
- F. Sample Release of Claims
- G. Disclosure Acknowledgment Agreement
- H. State Effective Dates and Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Mark Cottle by email to mark.cottle@lendio.com.

Copy for Lendio Franchising, LLC