



**Avanti Body Franchising LLC**  
a Texas limited liability company  
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AVANTI BODY® businesses provide red light therapy (also known as photobiomodulation) for wellness weight loss, body sculpting, anti-aging and other health and fitness services we authorize from time to time within a specified geographic area under the name **AVANTI BODY®**.

The total investment necessary to begin operation of an AVANTI BODY® franchised business is \$295,210 to \$588,330. This includes \$115,000 to \$168,500 that must be paid to the franchisor or its affiliates.

The 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, please contact Andrea Dobkin at [andrea@avantibody.com](mailto:andrea@avantibody.com); 4002 Beltline Rd., Suite 140, Addison, Texas 75001; and/or (435) 640-8240.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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:** May 24, 2024

## 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
<b>How much can I earn?</b>	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 E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 and Exhibit B include financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only red light therapy and wellness business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Avanti Body franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 your franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market and your hours of operation.

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

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

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

## **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the 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.
3. **Mandatory minimum payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the Franchisor, its affiliates, or suppliers that the franchisor designates, at prices the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **Going Concern.** The Auditor's Report on the Franchisor's financial statement expresses substantial doubt about the Franchisor's ability to remain in business. This means that the Franchisor may not have the financial resources to provide services and support to you.
7. **Short Operating History.** The Franchisor is at an early stage of development and has limited operating history. This franchise is likely to be riskier investment than a franchise system with a longer operating history.
8. **High Franchise Fee and Advertising Costs.** Beginning the second year of franchise operations, the amount of fees that you must pay to the franchisor and the amount that you must pay for digital and local advertising will be between 31.4% to 48.8% of gross revenue when annual gross revenues equal \$300,000. Your inability to make these payments may result in termination

of your franchise and loss of your investment. These fees and advertising costs may be higher than the fees and costs you may pay if you purchased a different franchise, and these fees may reduce your ability to make a profit in your franchise business.

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.

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## **ITEM 1**

### **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “Avanti Body” and “ABF”, “we,” “us,” and “our” means Avanti Body Franchising LLC d/b/a AVANTI BODY®, the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from AVANTI BODY .

#### The Franchisor, its Parent, Predecessors, and Affiliates

Avanti Body Franchising LLC is a Texas limited liability company formed on April 15, 2022. We operate under the name Avanti Body Franchising LLC and AVANTI BODY® and no other name. Our principal business address is 4002 Beltline Rd., Suite 140, Addison, Texas 75001. We began offering Avanti Body Businesses on March 16, 2023. We have not, and do not, operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business, but one of our affiliates does operate a business similar to the one offered under this Franchise Disclosure Document. We do not conduct any other business other than franchising. We have no predecessor entities.

Our parent entity is Avanti Holdings, LLC, a Texas limited liability company, with its principal place of business located at 4002 Beltline Rd., Suite 140, Addison, Texas 75001. We have an affiliate, Avanti Centers LLC (“Avanti Centers”), a Wyoming limited liability company formed on April 29, 2019, with its principal place of business located at 1001 Hume Way, Suite E, Vacaville, California, 95687. Avanti Centers has operated since its formation on April 29, 2019 and it does operate a business similar to the one offered under this Franchise Disclosure Document. For purposes of the disclosure document, the business operated by Avanti Centers is described as a company-owned outlet.

Our affiliate Avanti Body Holdings, LLC, a Texas limited liability company (“Avanti Body Holdings”), was incorporated on April 12, 2022 and shares our principal business address of 4002 Beltline Rd., Suite 140, Addison, Texas 75001. Avanti Body Holdings, licenses to us the trademarks we sublicense to you for your use in your AVANTI BODY® Franchised Business.

Our affiliate/investor Waymar Legacy Group, LLC, a California limited liability company (“Waymar”) was incorporated on April 4, 2017. Their principal business address is 2010 Blue Oaks Blvd, Suite 110, Roseville, CA 95747 and it does operate a business similar to the one offered under this Franchise Disclosure Document. For purposes of the disclosure document, the business operated by Waymar is included in our company owned outlets for Item 20 purposes.

We have an affiliated company, SolVibrant Systems, LLC (“SolVibrant”). SolVibrant is a Texas limited liability company formed on April 20, 2022 and maintains its principal place of business at 4002 Beltline Rd, Suite 140, Addison, Texas 75001. SolVibrant has been in operation since its formation on April 20, 2022. SolVibrant sells certain products and services to AVANTI BODY® franchisees, as further described in Item 8. We do not have any predecessors or any affiliates that offer franchises in any other line of business.

Our agent for service of process in Texas is National Registered Agents, Inc., 1999 Bryan Street, Suite 900, Dallas, Texas 75201. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

#### The Franchise

We franchise the right to own and operate (“Avanti Body Business” or “Franchise”) using our trademark “AVANTI BODY®”, trade names, service marks and logos (“Marks”) for the operation of AVANTI BODY® Businesses. Avanti Body Businesses are operated under our proprietary business format, intellectual property, and AVANTI BODY® system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise and we are not obligated to compensate you for such change in our System. AVANTI BODY® Businesses provide red light therapy (also known as photobiomodulation) for weight loss, body sculpting, anti-aging and other health and wellness services we authorize from time to time within a specified geographic area.

You will operate the Avanti Body Business using the System, which includes our distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, procedures for services, operations and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate, all of which we may change, improve, and further develop from time to time.

If we award you a franchise, you must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one AVANTI BODY® Business for each Franchise Agreement you sign.

#### Market and Competition

Avanti Body Businesses serve the weight loss and wellness market which has been well established for decades. We feel Avanti Body’s approach to weight loss and wellness is unique in that all services are science based and rely heavily on the results derived from red light therapy (aka photobiomodulation).

Red Light Therapy, for wellness, is a developing market. Avanti Body Businesses’ target customer is aged 43 plus with a household income above \$70,000. The target customer has an interest in losing weight and addressing stubborn areas through body sculpting. Target customers are also interested in anti-aging, muscle recovery, fat loss, reducing pain and inflammation, and/or improving their overall appearance and wellness.

Avanti Body Businesses compete with other weight loss, body enhancement and wellness businesses. Competitors include local and national businesses and practices offering surgical and non-surgical weight loss or body enhancement procedures and diet centers. The Franchise will also be affected by changes in consumer taste, demographics, traffic patterns, and economic conditions.

#### Applicable Regulations

Avanti Body Businesses are subject to various federal, state and local laws and regulations as well as local permitting and zoning requirements relating to the operation of weight loss and wellness businesses. Before you begin operations, you must obtain all required licenses and approvals to operate your Avanti Body Business, including compliance with federal, state, local and other licensing and related requirements. State, local and other laws and regulations vary widely, can change over time, and can materially affect your ability to do business. Other federal, state and local laws of a more general nature which apply to most businesses may also apply to your Avanti Body Business, and it will be your responsibility to comply with these laws, including employment, worker’s compensation, insurance, corporate, taxing, licensing and similar laws and regulations. All Avanti Body Businesses must be compliant with the Americans with Disabilities Act. The requirements for any applicable licenses may vary, depending on your location. You should independently investigate any applicable laws before purchasing a Franchise and you are responsible for keeping apprised of changes that are made to any applicable law.

You must follow local and state laws, orders, and ordinances, especially short-term closure or lowered on-site seating capacity requirements. Further, you may want to consider relevant guidance issued

by federal agencies such as the Center for Disease Control and Occupational Safety and Health Administration for the safety of your customers and employees.

Avanti Body Businesses will use Red Light Body Contour Systems that are FDA cleared by the manufacturer from our affiliate SolVibrant Statements on the Avanti Body website, information about products contained on the website, information in marketing literature or documentation are not meant to be medical claims and should not be construed as such.

The payment card industry (“PCI”) Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process, or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state, and local laws, regulations, and ordinances related to privacy matters, including data and personally identifiable information

You alone are responsible for investigating, understanding and complying with all applicable laws, regulations and requirements applicable to you and your Avanti Body Business, despite any advice or information that we may give you. You are advised to consult counsel about any potential impact of these laws, regulations, and/or other requirements that may be imposed on you, your Avanti Body Business, and the individuals hired by your Avanti Body Business.

## **ITEM 2 BUSINESS EXPERIENCE**

### Terri Simpson: Chief Executive Officer

Terri Simpson has been our CEO from April 2022 to present in Addison, Texas. She has been CEO and managing director of Avanti Body Holdings from April 2022 to present in Addison, Texas. She has been CEO of Avanti Centers, LLC from April 2019 to present in Vacaville, CA. Prior to that, Ms. Simpson was the Chief Marketing Officer at Larada Sciences (Lice Clinics of America) in Murray, Utah from August 2013 to December 2018.

### Patrick Neville: Chief Operating Officer

Pat Neville has been our Chief Operating Officer from April 2022 to present in Addison, Texas. He has been the President of Paradigm Advisory Group from May 2017 to Present in Dallas, Texas. Mr. Neville also serves as Managing Member of Luther Beauty Ventures Franchising beginning May 2019 to present in Dallas, Texas.

### Andrea Dobkin: President of Franchise Development

Andrea Dobkin has been our President of Franchise Development from May 2021 to present in Addison, Texas. Ms. Dobkin has also been President of Andrea Lee, Inc. in Salt Lake City, Utah from February 2020 to January 2022. She was Director of Steward Health Care in Salt Lake City, Utah from October 2019 to September 2020 and Vice President of Franchise Development at Larada Sciences (Lice Clinics of America) in Murray, Utah from January 2016 to October 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**

### Initial Franchise Fee

When you sign the franchise agreement you must pay us an initial franchise fee (“Initial Franchise Fee”) of \$44,500. The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your Avanti Body Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee uniformly imposed and is deemed fully earned by us once paid and is non-refundable for any reason. This fee is due in full at the time you sign the Franchise Agreement.

Veterans of the U.S. Armed Forces are eligible to receive a 10% discount on their Initial Franchise Fee for the first franchise awarded. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. “Veteran” is defined as a recipient of an honorable discharge as evidenced by the U.S. Department of Defense DD Form 214. It is the veteran’s responsibility to send us the required documents in order to obtain this discount.

### SolVibrant Proprietary Equipment

You must pay us or our affiliate SolVibrant between \$70,500 and \$122,500 for our proprietary equipment; this includes the Body Contour light system and Anti-aging light system used in operation of your Avanti Body Business. Payment for the proprietary equipment is not refundable under any circumstances. Your payment of \$70,500 includes two Anti-aging light systems and three Body Contour light systems. Your payment of \$122,500 assumes you purchase five Body Contour light systems and four Anti-aging light systems. The proprietary equipment cost does not include shipping or delivery costs, which are your responsibility and must be paid directly to SolVibrant or other third party vendor as we may designate. We estimate the freight charges will range from \$1,500 to \$2,000 depending on which equipment package you choose.

### Opening Extension Fee

If you fail to open your Avanti Body Business within nine (9) months of signing the Franchise Agreement, you will have the right to request one or more 30-day extension periods, in writing. These extensions shall not exceed 90 days from the required opening date in total. You will be required to pay us an opening extension fee (“Opening Extension Fee”) of \$500 per 30-day extension until your Avanti Body Business is open. This is calculated as \$500 for the first thirty days and \$1,500 for 90 days (maximum extension allowed) to be granted by us. The Opening Extension Fee is uniformly calculated and non-refundable upon payment.

## **ITEM 6 OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>(2)</sup>	“Royalty Fee” shall be 6% of Gross Revenue <sup>(2)</sup> subject to Minimum Royalty Fee.	From the effective date of the franchise agreement, the Royalty Fee is due on the 5th of each month.	You must pay monthly Royalty Fees in the amount of 6% of your Gross Revenue. At the end of each calendar year if your total Royalty Fee payments are less than \$18,000, you must pay us the actual difference between your Gross Revenue paid during that calendar year and \$18,000 (“Minimum

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
			Royalty Fee"). For example, if during a calendar year your Royalty Fees paid are \$10,000, you must pay the franchisor an additional \$8,000 to meet the annual Minimum Royalty Fee requirement of \$18,000 and if applicable this difference must be paid within thirty-days following the calendar year end. The Royalty Fee is based on Gross Revenue during the previous month.
Brand Development Fee Contribution	Currently 1% of Gross Revenue	Collected on the 5th of each month.	You must contribute these percentages of your Gross Revenue to a system-wide " <u>Brand Development Fee</u> " for our use in promoting and building the AVANTI BODY brand. We reserve the right to increase this Brand Development Fee up to 3% of Gross Revenue with 30 days' notice to you.
Digital Advertising Management Fee	Currently \$1,050 subject to increase up to \$1,500 upon thirty-day written notice from Us.	Collected on the 5 <sup>th</sup> of each month	Payable to Avanti Body or authorized affiliate for approved marketing agency to manage and create digital advertising, provide KPI's, manage budgets. etc.
Digital Advertising	\$3,050 to \$6,050	Monthly	Upon opening your Franchised Business, this amount reflects your on-going obligation to advertise via social media and digital advertising through the term of your franchise agreement.
Local Advertising	The greater of \$500 per month or 3% of Gross Revenue	Monthly	To be spent on local community outreach such as networking groups, chamber of commerce membership and other local programs and traditional advertising such as print, billboards, charity donations and other media. Within 30 days from your fiscal year end, you must provide us with a proof of your

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
			spend and if you have not spent the greater of \$500 per month or 3% of gross revenues on Local Advertising the difference must be paid into the Brand Development Fee as an additional contribution.
Unauthorized Advertising Fee	\$500 per occurrence	Upon demand	This fee is payable to us as an additional Brand Development Fees if you use unauthorized advertising in violation of the terms of the Franchise Agreement or your operations manual.
Site Selection Fee	\$100	As incurred	You will pay us a fee of \$100 to review your proposed site. We will provide you with our standard site selection criteria and/or on-site evaluation of sites as we deem appropriate.
Review of Construction Plans	\$100	As incurred	All construction or remodeling plans must be reviewed and approved by us prior to any work being done.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained, plus twenty percent (20%) of the premium for administrative cost of obtaining the insurance on your behalf.
Additional Training or Optional Services Fees <sup>(3)</sup>	Then-current fee (currently \$500.00 per trainee, per day), you are responsible for yours and your personnel's expenses.	As incurred	We provide initial training at no cost for two people - one manager and one owner or two owners (if one will be the manager). We may charge you for training additional persons, newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training we need necessary or you request. The fee amount will depend on the duration and type of training required.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Technology Fee	Then-current fee (currently \$819 per month). The Technology Fee will automatically increase each calendar year by an amount not to exceed 10% of the prior year's fee.	Due 5th day of each month	This fee covers certain technologies used in the operation of your Avanti Body Business, which may include POS/CRM, email marketing, call tracking numbers, Landing page hosting, body scanning software, proprietary app fee, and other systems as we deem appropriate or may add or remove from time-to-time. We reserve the right to upgrade, modify, and add new software and you will be responsible for any increase in fees that result from any upgrades, modifications or additional software.
Supplier and Product Evaluation Fee	Actual cost of inspection and test of sample (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect or test a new product, service, or proposed supplier nominated by you.
Customer Issue Resolution	Amount of refund or payment we incur for responding to a customer complaint (which varies)	On invoice	Payable if a customer of your Avanti Body Business contacts us with a complaint and we provide a refund or other value to the customer.
Late Fee and Interest on Overdue Payments	A late fee of \$150 (if any payment due to us is 5 days or more past the due date) plus interest equal to the lesser of 18% per annum or the highest rate allowed by law	On demand	Payable if any payment due to us or our affiliates is not received by us within five (5) days of the due date. Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	The greater of \$100 per occurrence, or the	As incurred	Payable if any check EFT, or ACH payment as applicable is not

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
	highest amount allowed by law.		successfully processed due to insufficient funds, stop payment, or any similar event. Our rate is subject to change.
Failure to Submit Required Data Fee	\$500 for any month you do not submit required data	On invoice	Payable if you fail to submit or allow access to any required data for each month you do not provide such data or access. You will continue to incur this fee until you submit the required data.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses, plus a Late Fee of \$150 per day (defined above) and the lower of 1.5% interest or the maximum rate allowed by law per month on understatement	Ten days after billing	You will be required to pay this if an audit reveals that you understated monthly Gross Revenue by five percent (5%) or more, or you fail to submit required reports. Cost of audit will include travel, lodging, and any additional costs associated with the audit.
Management Fee	\$200 per day, plus costs and expenses including travel, lodging and expense for our personnel.	As incurred	Payable if we manage the Avanti Body Business in the event of your death or disability, default or because you are in breach of the Franchise Agreement and we manage the Franchise on your behalf.
Professional Fees and Expenses	Our actual fees and costs as incurred	As incurred	You must reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or for any costs or fees we incur for any transfer that is not completed.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Indemnification	Our actual costs and attorney's fees	As incurred	You must indemnify and reimburse us for any expenses or losses, including professional fees, which we or our representatives incur related in any way to your Avanti Body Business or Franchise.
Renewal Fee	\$5,000	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a renewal franchise agreement (also known as a successor franchise agreement).
Transfer Fee	\$1,000 if you transfer a non-controlling interest or to a business entity under same control for convenience  \$10,000, plus costs of training if you transfer controlling interest or sale of the Avanti Body Business.	With transfer application	Payable in connection with the transfer of your Avanti Body Business, a transfer of ownership of your legal entity or the Franchise Agreement. There are various other conditions you must meet for us to approve your transfer request.
Early Termination / Liquidated Damages <sup>(4)</sup>	The combined monthly average of Royalty Fees and Brand Development Fee Contributions calculated from the date you opened your Avanti Body Business multiplied by the lesser of: (i) 24 or (ii) the number of full months remaining in the Term	Within 15 days after termination of the Franchise Agreement	Due only if the Franchise Agreement is terminated before the end of the term because of your material breach, or you terminate the Franchise Agreement prior to expiration of your term.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Avanti Body Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Default Fee	Upon our notice of default and if you fail to cure within the cure period, then we shall charge \$1,500 per event of default, plus the cost of re-inspections and the costs of enforcing compliance	As Incurred	Applies if you are in default under the franchise agreement.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee, the greater of \$500 per person per day or our actual costs incurred from the cancellation.	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation which may be the greater of our actual costs or \$500 per person
Holdover Fee	150% of the current Royalty Fees due	On demand	Payable if you continue to operate the Avanti Body Business after expiration of the franchise agreement without renewal.
Convention Fee	Currently there is no fee to attend; however, we will assess \$1,000 per person per event, payable only if you fail to attend the required convention	On demand	If we hold an annual convention and you or any required person fails to attend the convention, within ten days of the beginning of any annual convention, you will pay us a convention fee in the amount of \$1,000.00 per person. Furthermore, required attendee's failure to attend the annual convention will also be a default under the franchise agreement. You are solely responsible for all expenses including but not limited to travel, lodging, wages, food, and convention expenses.
Relocation Fee	\$5,000 per relocation	On demand	In the event we approve your relocation request, you will be required to pay us a Relocation Fee of \$5,000. Our approval of relocation is specific to a specific location.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Call Center	Actual costs per month	5 <sup>th</sup> of the Month	We have established a contact/call center which will assist you with outbound calls, client appointment scheduling, and potentially inbound calls if you are unable to answer. We may designate a specific contact/call center for your location. You will pay our then-current cost per call which can vary due to the type of call made or accepted. Payment will be collected by us by the 5 <sup>th</sup> of each month.
Step-in Rights	\$200 per day plus out of pocket costs and expenses	On Demand	Payable if we manage your Avanti Body Business on your behalf

NOTES:

1. Fees. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All fees are generally imposed uniformly on all franchisees who sign our current Franchise Agreement. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. All fees must be paid by credit card or ACH or as otherwise designated by us in writing. If you pay by ACH, you must maintain a bank account from which funds can be transferred to us with a minimum balance of \$2,500 against which we will withdraw funds due to us. If you pay by ACH, you are required to complete the ACH Authorization (in the form attached to the Franchise Agreement as Attachment F) in conjunction with opening of the bank account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you have not timely reported the Gross Revenues to us for any reporting period, then we may debit your account in an amount equal to (a) the fees transferred from our account for the last reporting period for which a report of the Gross Revenues was provided to us; or (b) the amount due based on information retrieved from our approved POS computer system.
2. Royalty Fee. “Gross Revenue” means the total revenues for all Services (as defined in Item 16) and all other revenue of every other kind and nature related to the Avanti Body Business whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. All barter and exchange transactions for which you furnish services or products in exchange for goods and services to be provided by the vendor, supplier or customer will be valued at the full retail value of the goods bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenues also includes any payments you receive from vendors; chargebacks are not deducted from Gross Revenues. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Revenue when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail prices of services purchased with coupons, gift cards, gift certificates or vouchers

will be included in Gross Revenue during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Revenue will expressly exclude the following: tips and gratuities, sums collected and actually paid by Franchisee for any sales or other excise tax imposed by any duly constituted government authority. In the case of promotional discounts, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Gross Revenue. “Reporting Period” means each monthly period ending on the last day of each calendar month.

3. **Additional Training or Optional Service Fees.** Your Avanti Body Business must accept and participate in all of the mandatory services related to the development or operation of your Avanti Body Business that we provide, and you may elect to accept and participate in some or all of the optional services we provide. You will pay all fees and charges for such mandatory and optional services in which you participate. We have the right periodically to (a) modify such services and related fees and charges; (b) add new or discontinue existing services; and (c) make any mandatory service optional or make any optional service mandatory; provided, however, in conjunction with any service being designated mandatory, such service will be implemented at all, or substantially all, franchised Avanti Body Businesses located in the U.S. Fees and charges will be determined on the same basis for all franchised Avanti Body Businesses that are participating in the service and may include: (a) overhead costs allocable to providing such service, including compensation of personnel directly involved in providing such services; (b) recovery of development costs for such service; (c) costs of tangible and intangible property employed in providing such service; and (d) costs of operating, maintaining and upgrading such service. You are responsible for all costs and expenses associated with you and your manager’s attendance for the training including but not limited to cost of travel, lodging, and salary costs for the individual(s) attending the training.
4. **Early Termination** If you terminate this Agreement without cause, you specifically acknowledge and agree that you had an obligation to operate the Franchised Business for the full Term and failure to do so has a significant loss of cash flow from Royalty Fees, and Brand Development Fee Contributions due to us. Therefore, Franchisor shall be entitled to all remedies available to the Franchisor under law or at equity including but not limited to any loss profits, actual costs and expenses incurred, or damages to Franchisor’s reputation.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	LOW	HIGH	Method of payment	When Due	To Whom payment is made
Initial Franchise Fee <sup>(1)</sup>	\$44,500	\$44,500	Lump sum	When you sign the franchise agreement	ABF
Leasehold Improvements <sup>(2)</sup>	\$36,000	\$180,000	As agreed	As incurred	Third Parties
SolVibrant Proprietary Equipment <sup>(3)</sup>	\$70,500	\$122,500	As agreed	As Incurred	ABF or Affiliate
Furniture, Fixtures and Décor	\$25,500	\$36,090	As agreed	Before opening	Approved Suppliers

Type of Expenditure	LOW	HIGH	Method of payment	When Due	To Whom payment is made
Initial Equipment <sup>(4)</sup>	\$26,490	\$28,990	As agreed	Before opening	Approved Suppliers
Computer System and Technology <sup>(5)</sup>	\$3,950	\$4,950	As agreed	Before opening	Third Parties
Signage	\$3,500	\$7,000	As agreed	Before opening	Third parties
Base Retail Inventory	\$3,750	\$5,500	As agreed	Before opening	Approved Suppliers
Utilities Deposit	\$300	\$600	As agreed	As incurred	Third parties
Rent (3 months) <sup>(6)</sup>	\$16,000	\$34,000	As agreed	As Lessor requires	Lessor
Pre-opening Digital Advertising <sup>(7)</sup>	\$3,050	\$6,050	As Agreed	Before Opening	ABF or Approved Suppliers
Digital Advertising <sup>(8)</sup>	\$9,150	\$18,150	As provider requires	Monthly	ABF or Approved Suppliers
Printing <sup>(9)</sup>	\$800	\$1,500	As Agreed	Before Opening	Third Parties
Grand Opening Program <sup>(10)</sup>	\$1,500	\$3,500	As Agreed	Before Opening	ABF or Approved Suppliers
Professional Fees <sup>(11)</sup>	\$2,500	\$4,500	As provider requires	As incurred	Third parties
Training Expenses <sup>(12)</sup>	\$2,000	\$3,000	As agreed	As incurred	ABF or Third parties
Additional Training <sup>(13)</sup>	\$500	\$1,000	As agreed	As Incurred	ABF or Third parties
Service supplies	\$1,500	\$2,500	As agreed	Before opening	Approved Suppliers
Uniforms <sup>(14)</sup>	\$800	\$1,000	As agreed	Before opening	Approved Suppliers
Freight	\$1,500	\$2,000	As agreed	Before opening	ABF or third parties
Office supplies	\$400	\$500	As agreed	Before opening	Third Parties
Insurance <sup>(15)</sup>	\$400	\$500	As agreed	Monthly	Third Parties

Type of Expenditure	LOW	HIGH	Method of payment	When Due	To Whom payment is made
Internet	\$150	\$250	As agreed	Before opening	Third parties
Phone service	\$150	\$250	As agreed	Before opening	Third parties
Management Salaries <sup>(16)</sup>	\$3,500	\$4,500	As agreed	Before opening	Management Staff
Staff Salaries <sup>(17)</sup>	\$3,320	\$4,500	As agreed	Before opening	Staff
Miscellaneous	\$2,000	\$4,000	As agreed	As incurred	Third parties
Business Licenses and Permits <sup>(18)</sup>	\$500	\$1,000	As agreed	Before Opening	Third Parties
Architect <sup>(19)</sup>	\$2,000	\$5,000	As agreed	As incurred	Third Parties
Opening Extension Fee <sup>(20)</sup>	\$0	\$1,500	As Agreed	As Incurred	ABF
Additional Funds (3 months) <sup>(21)</sup>	\$29,000	\$59,000	As agreed	As incurred	Third Parties
<b>TOTAL</b>	<b>\$295,210</b>	<b>\$588,330</b>			

## NOTES:

1. See Item 5 for more information about the Initial Franchise Fee. Initial Franchise Fee is uniformly imposed, fully earned, and nonrefundable upon payment. We do not finance any portion of your initial investment.
2. Leasehold Improvements. These estimated figures cover the costs related to demolition, construction, remodeling, repair, insulation, doors and hardware, partition walls, ceilings, flooring, painting, decoration acquisitions and installation of fixtures, leasehold improvements and other fixed assets, cabinets, plumbing, HVAC, electrical, fire and security systems, decorating, and similar costs. This allowance will vary depending on a number of factors, including supply and demand for the locations within the area you choose to locate your Avanti Body Business. You may either own or lease the premises for your Avanti Body Business, but we expect most franchisees to lease. The low estimate in the chart above is based on \$20 per square foot and the high estimate is based on \$75 per square foot. The Avanti Body Businesses generally range in size from 1,800 to 2,400 square foot. The cost of the required leasehold improvements will depend on the size of the premises, location, material costs, labor costs, amount the landlord is willing to assume, and other economic factors. In a build-to-suit lease, the landlord may include some or all of the improvements, fixtures, equipment, and signs which may be factored into your lease payments, which "tenant allowance" is netted out in the amount for leasehold improvements. If you decide to purchase the land and build your Avanti Body Business, we are unable to estimate its cost. The cost of acquiring real estate, developing the site, and constructing the building for the Avanti Body Business will likely vary significantly depending on the geographic location, the specific site, size of the building, and other economic factors.

3. SolVibrant Proprietary Equipment. This estimate includes the following proprietary equipment: Body Contour light system, Anti-aging light system for face and neck.
4. Initial Equipment. This estimate includes the cost of the 3D body Scanner, Fab Shaper, Whole Body Vibration and similar equipment needed for the operation of your Center.
5. This estimate includes the furniture, fixtures, and décor required to outfit your Center.
6. Computer System and Technology. This estimate includes two laptop computers, a desktop computer, two tablets, a credit card processor, a printer/scanner, and two mobile phones.
7. Rent. This estimate of rental range accounts for the substantial variations in retail rental rates across the United States dependent in large part upon geographic region and the local real estate market. You may either own or lease the premises for your Avanti Body Business, but we expect most franchisees to lease. Avanti Body Businesses are generally located in high traffic retail shopping centers, preferably in the vicinity of a national grocery store or health clubs and other franchises focusing on self-care, and range in size from 1,800 to 2,400 square feet. We estimate your monthly rent to range between \$4,000 and \$8,500, however, the monthly rent will vary and may exceed the high-end range depending on geographic location, size of the building, and other economic factors. The range in the chart above estimates first month deposit and rent for first three months for both low and high range. Your actual deposit amount may be higher. We estimate that the range includes insurance, taxes, and CAM; however, these charges may vary and may exceed the high-end range depending on geographic location, size of the building, terms upon which you sign your lease, and other economic factors.
8. Pre-Opening Digital Advertising. Up to 60 days prior to opening your Center, you are required to spend a minimum of \$3,050 to \$6,050 in digital advertising for your Center. You may spend additional amounts with our approval. If the opening of your Center is delayed, we may require you to spend additional amounts until you open your Center. Depending upon the vendor chosen, there may be additional on-boarding costs associated with this advertising.
9. Digital Advertising. The amount in the chart reflects upon opening of your Center, the total required for 3 months of your ongoing obligation to pay a minimum of \$3,050 to \$6,050 per month for social media and digital advertisement through the term of your franchise agreement. The high end of the range may be spent due to the competitive nature of the market and the increase in lead flow expectations. As social and Google advertising is auction based, the bids will change based on the competitive businesses offering same or similar services located within your protected area thus requiring a higher spend.
10. Printing. The amount in the chart reflects the minimum spend on print advertisement and stationary needed for your Avanti Body Business. This estimate also includes an allocation for initial pre-opening printed materials such as business cards, fliers, grand opening invitations, in center marketing material and brochures. Should the duration of your pre-opening exceed our standard pre-opening timeline, you may spend more than this estimated amount. We estimate this amount will cover your first three months of operation of your Franchised Business.
11. Grand Opening Program/ Launch. You are required to conduct a Grand Opening Program at your center within 30 days of opening. Grand Opening Program should include attendees from the local community including organizations such as the chamber of commerce, rotary and business networking groups. Local officials and media should also be invited to attend your center's Grand Opening Program. You may also promote the opening of your business locally through print,

billboards, charity donations and other media. Grand Opening expenditures could include food, beverage, decoration and photography.

12. Professional Fees. This estimate includes legal, accounting and other professional fees you may incur while developing your Avanti Body Business.
13. Training Expenses. This estimate includes out of pocket expenses such as airfare, hotel, wages, travel and meals for two people for training. This estimate can fluctuate depending on actual costs and the region you are flying from. See Item 11 for additional information.
14. Additional Training. If additional training is requested by you for new hires or otherwise, or if we deem that additional training is necessary, you will be charged an additional training cost of \$500 per day per each additional person to be trained. You will solely be responsible for all trainee's out of pocket costs and expenses such as airfare, hotel, wages, travel and meals while attending the training.
15. Uniforms. You must purchase uniforms and related merchandise only from our approved supplier. Currently all employees working for the Avanti Body Business are required to wear a top from our approved supplier of such color, design, and other specifications we designate and pair it with a black bottom. We reserve the right to change the uniform requirement by updating our Confidential Operational Manual and upon a written notice to you which may be in a form of an e-mail communication. We estimate the cost of purchasing uniforms for five employees is \$100 per employee or \$500 in total. Your cost may vary based on the number of uniforms you wish to purchase for operation of your Avanti Body Business.
16. Insurance. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history. You must also carry the insurance required by your landlord and applicable law. It is your responsibility to determine the appropriate and required insurance coverage for your Avanti Body Business, including any coverage that may be required or recommended with respect to services offered and sold by your Avanti Body Business.
17. Management Salaries. This estimate contemplates one manager for approximately 3 - 4 weeks prior to opening and includes the cost of wages only. The amount may vary based on your local market.
18. Staff Salaries. This estimate contemplates two to three employees for approximately 3 - 4 weeks prior to opening and includes the cost of wages only. The amount may vary based on your local market.
19. Business Licenses and Permits. You must obtain the required licenses and permits that are required by your city, county and state to operate an Avanti Body Business. This estimate will vary by locale.
20. Architect. You are obligated, at your expense, to have an architect designated by us or that meets our Standards, prepare all required construction plans based on our prototype designs for an Avanti Body Business.
21. Opening Extension Fee. If your Avanti Body Business does not open within nine months after you sign the Franchise Agreement, or, if you are opening more than one Avanti Body Business according to an agreed upon development schedule then you will be required to pay us an Opening Extension Fee every 30 days until your Avanti Body Business is open. The low estimate assumes you do not have to pay this, and the high estimate assumes you pay the Opening Extension Fee for a maximum of three months.

22. Additional Funds (3 Months). This estimate is based on our affiliate Avanti Centers' operation of a similar business to the one that will be owned and operated by you. The Additional Funds for the first three months of operation are based on your initial investment in developing a single Avanti Body Business. These figures are estimates based upon our experience in opening and operating company-owned Avanti Body locations, and we cannot assure you that you will not have additional expenses in starting your Avanti Body Business. You may need these funds to pay fixed operating expenses, such as rent, employee salaries, payroll taxes, utility charges, license and permit fees, and to purchase uniforms, supplies, and collateral merchandise. The amounts in the chart do not include any allowance for debt service or for a salary for you. Your actual costs will depend on factors such as your management skills, experience, and business acumen. You should review these numbers carefully with your business advisor before purchasing an Avanti Body Business and understand the cost involved in this franchised business.

23. All amounts are non-refundable unless otherwise noted.

## **ITEM 8** **RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS**

You must operate your Avanti Body Business according to our System and specifications. We may furnish you, from time-to-time, a list of approved supplies and/or suppliers. We reserve the right to require that you only use approved products, inventory, supplies, fixtures, equipment, computer systems including hardware software, and other items (the "approved supplies") related to establishing and operating the Avanti Body Franchise, as set forth in the Operations Manual or which may be communicated in writing, which we may amend from time to time at our discretion. We also may develop and research new products or services. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or our affiliates may be that single source. Our Operations Manual ("Operations Manual") states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Avanti Body Franchise and any approved suppliers for these products and services. For all required products and services, we retain the right to designate ourselves or our affiliate as an approved supplier upon written notice to you or as updated from time to time in the Operations Manual. One or more of our Officers owns an interest in our affiliate SolVibrant.

Our affiliate SolVibrant is the only approved vendors for Body Contour light system and Anti-aging light systems which must be purchased for the operation of your Avanti Body Business. All products that bear our Marks must be purchased from an Approved Supplier or may only be purchased with our prior written consent. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Operations Manual or through written communication (including electronic communication such as email or through a system-wide intranet). Although currently all marketing is conducted using our approved suppliers we retain the right to offer and provide in-house marketing services.

You must purchase, install, and use only fixtures, furnishings, equipment, signs and supplies (collectively, the "Operating Assets") that conform to the standards and specifications described in the Operations Manual or otherwise in writing. You must use the computer hardware and software that we periodically designate to operate your Avanti Body Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our approved suppliers).

### Approval of New Suppliers

If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier that we have not yet approved, you must notify us of

your request to use a new supplier and submit to us the information, specifications and samples we request. We will use reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier. We reserve the right to charge a fee to evaluate the proposed supplier of approximately \$100 to \$500 per evaluation (See Item 6). We apply the following general criteria in approving a proposed supplier: (1) pricing; (2) quality of the product or services; (3) production and delivery capability; (4) proximity to Avanti Body Businesses to ensure timely deliveries of the products or services; (5) the dependability of the supplier; (6) how the product fits within our System; and (7) other factors as we deem necessary. The supplier may also be required to sign a supplier agreement with us. Our written approval must be received before you begin using any products not purchased from an approved supplier. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service or by updating our Operations Manual. Upon receipt of the written notice of a revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

#### Effects of Compliance and Noncompliance

You must comply with our requirements to purchase, lease or use the products and services according to our specifications and/or from approved suppliers to be eligible to renew your Avanti Body Franchise. Failure to comply with these requirements will render you ineligible for renewal and may be considered a default allowing us to terminate your Avanti Body Business.

#### Development of Avanti Body

We must approve the site for your Avanti Body Business and the site must meet our then-current site criteria.

#### Insurance

You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet any other insurance-related obligations set forth in the Franchise Agreement and Operations Manual. We may amend the insurance requirements or add additional coverage requirements at any time upon notice to you. The insurance policy or policies must be written by a responsible carrier or carriers reasonably acceptable to us, name us (or our designated affiliate) as an additional insured, and include, at a minimum, in accordance with our written standards and specifications, the following (except as additional coverage and higher policy limits may reasonably be specified by us from time to time):

- (a) commercial general liability insurance (for example \$1,000,000 per occurrence and \$2,000,000 aggregate including additional insured endorsement naming Avanti Body Franchising, LLC. This policy will include Fire Legal of \$300,000, Medical Payments of \$5,000, Personal Injury and Advertising Liability of \$1,000,000;
- (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance for the replacement value of your Avanti Body Business and its contents with a minimum of six months of business interruption coverage;
- (c) commercial auto liability insurance covering owned, borrowed, hired and non-owned autos;
- (d) statutory workers' compensation/employer's liability insurance;
- (e) Business interruption insurance equal to 12 months of your net income and continuing expenses including royalty fees;

(f) Employment Practices Liability including third party claims for \$1,000,000 and naming Avanti Body Franchising, LLC as Co-defendant. Limits applies per policy such other insurance policies as we may determine from time to time.

You must also provide us with a certificate of insurance complying with the above requirements no less than 10 days before your Avanti Body Business opens for business for all policies, and at least 30 days prior to any renewal, providing the endorsements as noted below. If you do not comply with the insurance requirements, we have the right to obtain insurance on your behalf and charge you the premium plus an administrative fee.

These are minimum requirements only, and we have the right to modify them at any time. Franchisor reserves the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies. We may designate an insurance agency or insurer as a designated supplier for certain types of insurance policies. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. Your landlord may require more coverage, additional coverage, or different types of coverage.

You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must state that we will receive at least 30 days' prior written notice of any intent by the insurer to reduce coverage or policy limits, cancel or amend the policy. The policy must contain the minimum coverage we prescribe from time to time in our Operations Manual. All insurance must be provided by an insurer with an A.M. Best rating of not less than an A-VIII ("excellent" and \$100,000,000 to \$250,000,000 in policy holder surplus) and are authorized to sell insurance in the state in which your Avanti Body Business is located. All insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

#### Purchases from Approved or Designated Suppliers

We will provide you with a list of our designated and approved suppliers in our Operations Manual. We may update the list of approved suppliers at any time and will notify you of such a change.

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

You must purchase all products, equipment, supplies and materials only from approved suppliers (including manufacturers, wholesalers and distributors). We estimate that approximately 90% of purchases required to open your Avanti Body Business and 80% of purchases required to operate your Avanti Body Business will be from us or from other approved suppliers, and under our specifications.

#### Revenue Derived from Franchisee Purchases and Leases

We and our affiliates may receive revenue or rebates from suppliers in consideration for products or services that we require you to obtain from approved suppliers; this may include us or our affiliates and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments.

As of the end of the most recent fiscal year, December 31, 2023, neither we nor our affiliate derived any revenue on account of franchisee purchases or leases.

#### Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase agreements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives

We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

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## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

<b>Obligation</b>	<b>Section(s) in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
(a) Site selection and acquisition/lease	Section 2	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	Sections 2, Section 9	Items 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Sections 2, Section 9	Items 7, 8 and 11
(d) Initial and ongoing training	Section 4	Items 6, 7 and 11
(e) Opening	Section 2	Item 11
(f) Fees	Sections 3, 9, 17	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	Sections 4 and 8	Items 8 and 11
(h) Trademarks and proprietary information	Sections 5	Items 13 and 14
(i) Restrictions on products/services offered	Section 8	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	Sections 8	Item 6
(k) Territorial development and minimum gross revenue	Sections 1, 8	Item 12
(l) Ongoing product/service purchases	Sections 2 and Section 8	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 2 and 8	Items 8, 11, 16 and 17
(n) Insurance	Sections 8.7	Items 7 and 8
(o) Advertising	Section 9	Items 6, 7, 8 and 11
(p) Indemnification	Section 16	Item 6
(q) Owner's participation/management/staffing	Sections 4 and Section 8	Items 11 and 15
(r) Records and reports	Section 10	Items 6 and 17
(s) Inspections and audits	Section 11	Items 6 and 11

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(t) Transfer	Section 12	Item 17
(u) Renewal	Section 13	Item 17
(v) Post-termination obligations	Section 15	Item 17
(w) Non-competition covenants	Sections 7 and 15	Items 15 and 17
(x) Dispute resolution	Section 17	Item 17

## **ITEM 10 FINANCING**

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

## **ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING**

**Except as listed below, Avanti Body Business is not required to provide you with any assistance.**

### Pre-Opening Obligations

Before you open your Avanti Body Business, we (or our designee(s)) will:

1. Designate your Site Selection Area and your Protected Area (Franchise Agreement – Section 2).
2. We may provide you with our standard site selection criteria and/or our on-site evaluation of sites as we deem appropriate and we will approve the site for your Avanti Body Business that meets our then-current site criteria. (Franchise Agreement – Section 2.1).
3. We will provide a sample set of standard building plans and specifications for design, decoration, layout, equipment, furniture, fixtures, and signs.
4. We may provide you with mandatory and discretionary specifications for your Avanti Body Business, including standards and suggested criteria for design, image and branding and other trade dress (See Franchise Agreement – Section 2.1, 8.1), including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. You must prepare all required architectural, engineering, and design plans to suit the shape and dimensions of the premises, and you must ensure that these plans and specifications comply with applicable ordinances, building codes, regulatory licensing and permit requirements, and with lease requirements and restrictions. You must submit your plan to us, and upon our request, submit all revised or “as built” plans during the course of construction. You must use in the development and operation of your Avanti Body Business only the fixtures, furnishings (including décor), materials, equipment and signs that comply with the Standards (Franchise Agreement 2.1, 8.1, 8.2).

5. Identify Operating Assets and other products and supplies that you must use to develop and operate your Avanti Body Business (See Franchise Agreement – Sections 2 and 8).

6. Establish minimum standards and specifications that you must satisfy while operating your Avanti Body Business and identify the designated and approved suppliers from which you are required to purchase and/or lease items for your Avanti Body Business (See Franchise Agreement – Sections 2 and 8).

7. Make available to you on our website or via email, one copy of our Operations Manual, the current table of contents of which is listed below. As of the date of this Franchise Disclosure Document, the Operations Manual contains approximately 93 pages and is subject to change(See Franchise Agreement – Section 4.4).

8. Provide you and your Store Manager our Initial Training Program. You and your Store Manager are required to attend and successfully complete our initial training program (“Initial Training Program”) at least 60 days before opening your Avanti Body Business. The Initial Training Program will be at least 3 days and will take place at a company-owned location or another location designated by us. The initial training is provided to you and your Store Manager at no additional cost. However, you must pay the salaries, travel expenses, lodging, food, automobile rental costs and all other expenses incurred by you and your Store Manager during training. (See Franchise Agreement – Section 4.1).

9. We will conduct a minimum of one (1) Opening Inspection of the franchised business to ensure you are in compliance with our standards and specifications. The Inspection will take place either during the build-out phase or before you open your franchise for business and may either be in-person or virtually per our sole discretion. You shall not open your franchised business to the public without written authorization from us. However, our authorization for opening of the franchised business is limited solely to reviewing and confirming compliance with our Standards. You are solely responsible for conforming to any building codes, local ordinances and any required permits to operate your Avanti Body Business, or as otherwise required by your landlord. (See Franchise Agreement – 2.2).

#### Continuing Obligations

During the operation of your Avanti Body Business, we (or our designee(s)) will provide the following assistance and services to you:

1. At your reasonable request, consult with you by telephone, email or other methods regarding the continued operation and management of your Avanti Body Business and advise you regarding services, sales techniques, product supply, customer relations and similar topics (See Franchise Agreement - Sections 4.3).

2. Provide on-going consultations regarding your Avanti Body Business operation based on your reports, our inspections or as we deem appropriate. We also will guide you on standards, specifications and operating procedures that each Avanti Body Businesses use; purchasing required and authorized Operating Assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; and administrative, bookkeeping, accounting and inventory control procedures. We will guide you through the Operations Manual, in emails or other written materials, through the use of electronic media, telephone conferences and/or meetings at our one of our corporate locations or at your Avanti Body Business (See Franchise Agreement – Section 4).

3. Continue to loan to you, or make available to you on our website, one copy of the Operations Manual, which may include audio and video media, computer software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested standards, specifications, operating procedures and rules (“System Standards”). We may modify the Operations

Manual periodically to reflect changes in System Standards (See Franchise Agreement – Sections 4.4 and 8).

4. Issue and modify System Standards for Avanti Body Businesses. These modifications may require you to invest additional capital in your Avanti Body Business and/or incur higher operating expenses (See Franchise Agreement – Section 8).

5. License to you for your use confidential and proprietary information designed to assist you in the operation of your Avanti Body Business (See Franchise Agreement – Section 6).

6. License to you for your use our Marks, as set forth in greater detail in Item 13 (See Franchise Agreement – Section 5).

7. Maintain and administer one or more websites to advertise, market and promote Avanti Body Business and the products and services offered (each a “Local Page”) (See Franchise Agreement – Section 9.4).

8. We have the right to hold an annual conference at a location to be selected by us. We shall determine the topics and agenda for the conference to, among other things, update franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding System operations and programs. We will also recognize franchisees for their achievements. Currently, there is no fee to attend the annual convention, however, for each individual that is required to attend the annual convention and fails to attend you will pay a convention fee of \$1,000 per attendee. Your failure to attend will also be considered a default under your signed franchise agreement. You are responsible for any travel, lodging, meals, wages and related expenses for your attendance or your designated employee’s attendance at the convention. We may require you or your Store Manager to attend seminars, conventions, programs or meetings, with no less than 30 days’ prior written notice. We may use contributions from the Brand Development Fee for purposes related to the annual conference, including costs related to production, programs and materials (See Franchise Agreement – Section 4.2).

9. Maintain and administer the Brand Development Fee. We may dissolve the Brand Development Fee upon written notice to you (See Franchise Agreement – Section 9).

#### Site Selection

Within 90 days from the effective date of the Franchise Agreement, you must select and we must approve the site for your Avanti Body Business; the site must meet our then-current site selection criteria. We will provide you with our standard site selection criteria and/or on-site evaluation as we deem appropriate. Neither our acceptance of the premises nor any information communicated to you regarding our standard site selection criteria, or the specific location of the premises will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site for an Avanti Body Business. We will approve or reject your proposed site within 30 days of receipt of all requested site related information. If we fail to approve your proposed site within 30 days of receipt of all requested site related information, the request is deemed denied. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for an Avanti Body Business at the site. The approved site is your “Approved Business Location”. Once approved, your Avanti Body Business may not be relocated without first obtaining our written consent. You are obligated, at your expense, to have an architect designated/approved by us or that meets our Standards, prepare all required construction plans based on our prototype designs for Avanti Body Businesses.

You must select a site and execute a lease for your Avanti Body Business within your Protected Area, subject to our approval, within nine (9) months after execution of the Franchise Agreement. We will assist you in selecting a site for your Avanti Body Business by reviewing the relevant documents for the

business site and approving the business site as applicable. You will pay us a Site Selection Fee of \$100 to review your proposed site. This fee is fully earned upon receipt and non-refundable upon receipt. We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Avanti Body Business. This will be your responsibility.

The factors we will consider in approving the site are described in the Operations Manual, including general location and neighborhood, demographics, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. If you fail to comply with your obligation to identify a site that is acceptable to us, develop, and open the franchise by the Opening Date, and unless we agree to extend the deadline in writing, you will be in default and we may terminate your franchise agreement.

#### Lease

If the Avanti Body Business, occupies a space under a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment E to the Franchise Agreement). Your rights in your Approved Business Location must be subordinate to our rights as set forth in the Lease Rider. You may not execute a lease for the Approved Business Location without our prior written approval.

Franchisor's approval of a site does not constitute a representation, promise, warranty, or guarantee, express or implied, that your Avanti Body Business will achieve a certain sales volume or level of profitability or will otherwise be successful; it simply means that the proposed site meets Franchisor's minimum criteria for the Franchised Business. Our authorization for opening of the franchised business is limited solely to reviewing and confirming compliance with our Standards and does not warrant that it conforms with any ordinances and building codes, any required permits to operate your Avanti Body Business, or as otherwise required by your landlord

#### Location Development

If we require you, or you elect, to perform construction work or significant renovations or refurbishment of the Approved Business Location affecting the design, character, or appearance, you must obtain prior approval from us for any such construction work or significant renovations or refurbishment. Any such work must comply with our Standards and specifications and must be completed within twelve (12) months of signing the Franchise Agreement. Additionally, we will provide you with a sample set of standard building plans and specifications for design, decoration, layout, equipment, furniture, fixtures, and signs. Except for your own uses related to the construction or operation of the franchised business, you must not reproduce, use or permit the use of any of the design concepts, drawings, or standards without our prior approval. We reserve the right to require you to renovate the franchised business every 5 years and such renovations may require you to invest additional capital.

#### Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Avanti Body Business is approximately 6 to 9 months. You must open your Avanti Body Business within 9 months after signing the Franchise Agreement. If you fail to open your Avanti Body Business within 9 months of signing the Franchise Agreement, then you will have the right to request, in writing, one or more 30-day extension periods to open the Avanti Body Business, not to exceed 90 days from the required opening date in total. (See Franchise Agreement –Section 2.6 and Section 3.9).

You may not open your Avanti Body Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of

insurance coverage and payment of premiums we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; (7) you have ordered, received and installed your fixtures, Equipment, supplies, inventory and related materials; and (8) your retail location has received its certificate of occupancy, if required by laws or regulations, and has been approved by us. You must be prepared to open and operate your Avanti Body Business immediately upon our approval. (See Franchise Agreement – 2.5).

#### *Advertising and Marketing*

##### Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

Our advertising materials currently are created in-house and with the help of an outside agency. We may elect to utilize various local, regional and/or national media campaigns in the future which may include television, magazine, newspaper and Internet advertising campaigns. We are not required to spend any specific amount on your behalf on advertising in your Site Selection Area and/or your Protected Area and we are not required to conduct any advertising on behalf of the Franchise System or on your behalf. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below. Depending upon the vendor chosen, there may be additional on-boarding costs associated with this advertising.

You may not advertise via the Internet or a worldwide web page unless we have authorized you to do so in writing.

You will operate your Franchised Business so that it is clearly identified and advertised as “Avanti Body Business”. You will use the trademark “Avanti Body” and the other Marks which now or hereafter may form a part of the System, on all signs, supplies, business cards, uniforms, advertising materials, technology platforms, and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request. All marketing and promotions must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, memorabilia, merchandise and prizes, will either be provided for you, or made available to you for purchase through us.

##### Marketing Approval

It is a material breach of the Franchise Agreement to use marketing material without first obtaining our written approval. If you desire to use certain marketing materials, you must obtain our prior written approval, which may be granted or denied in our sole discretion. We will review your request which includes all submitted materials, and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. We also have the right at any time after you commence use of such material to prohibit further use, effective immediately upon receipt of written notice to you.

##### Local Advertising

You must continuously promote the Avanti Body Business by advertising in your local market. You must spend the greater of \$500 per month or 3% of gross revenues on local community outreach that may include advertising, networking meetings, events and other community based partnerships for your Franchised Business (“Local Advertising”). All amounts for such local advertising must be paid directly to a designated or approved third-party supplier. All local advertising and promotion, including any Internet promotions authorized by us, must be conducted in a dignified manner, conform to System Standards as

we may establish in the Operations Manual or otherwise in writing, and not be used without our prior approval. Within 30 days from your fiscal year end, you must provide us with a proof of your spend and if you have not spent the minimum amount per month on Local Advertising, the difference must be paid into the Brand Development Fee as an additional contribution.

#### Digital Advertising and Management.

You must continuously promote your Avanti Body Business and the goodwill of the Marks. The Digital Advertising Management Fee is the fee to manage and create digital advertising, provide KPI's, manage budgets, and other advertising content. You must pay us or a third-party vendor a digital advertising management fee in the amount of \$1,050 per month ("Digital Advertising Management Fee") for management services of an approved marketing agency. We reserve the right to increase this fee up to \$1,500 upon thirty days' written notice to you or delegate management of your Avanti Body Business's digital marketing to any approved third party supplier in our sole discretion.

In addition to the Digital Advertising Management Fee, you must spend a minimum of \$3,050 to \$6,050 per month for social media and digital advertisement through the Term of your Agreement ("Digital Advertising"). All amounts due for such Digital Advertising must be paid directly to us or to the third-party supplier upon invoice and must meet our standards and specifications. We reserve the right to change any Digital Advertising content or amount spent at our sole discretion. All digital ads must be approved by us or be sourced from the approved Avanti Body digital ad library. Depending upon the vendor chosen, there may be additional on-boarding costs associated with such digital advertising.

#### Printing.

You must spend \$800 to \$1,500 prior to opening your Avanti Body Business, as we designate, for stationary needs for your Franchised Business. This also includes an allocation for initial pre-opening printed materials such as business cards, gift cards, fliers, grand opening invitations, and brochures. We reserve the right to change any Printing advertising content or amount spent at our sole discretion.

#### Pre-Opening Digital Advertising.

Up to 60 days prior to opening your Avanti Body Business, you are required to spend a minimum of \$3,050 to \$6,050 in pre-opening digital advertising for your Center. You may spend additional amounts with our approval. You must submit to us, for our prior approval, all advertising and promotional materials to be used by you. Should the duration of your pre-opening launch exceed our standard pre-opening timeline, we reserve the right to require you to spend additional amounts. Depending upon the vendor chosen, there may be additional on-boarding costs associated with such digital advertising.

#### Grand Opening Program

You must conduct a grand opening marketing and advertising program ("Grand Opening Program") and we will provide you with such advice and guidance regarding this event as we deem appropriate. The Grand Opening Program at your Center must be conducted within 30 days of opening. Your Grand Opening Program should include attendees from the local community including organizations such as the Chamber of Commerce, Rotary and business networking groups. Local officials and media should also be invited to attend your Grand Opening Program. You may also promote the opening of your business locally through print media, billboards, charity donations and other media. Grand Opening expenditures may include food, beverage, decoration and photography; advertising items such as brochures, business cards, invitations and stationary may also be included. These items will be furnished at your cost and expense and must comply with our standards and specifications as outlined in the Operations Manual. The overall estimated expense for this event will range from \$1,500 to \$3,500.

You must issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and honor the rebates, giveaways and other promotions issued by other Avanti Body Businesses under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Avanti Body Business, and you will not issue coupons or discounts of any type except as approved by us.

#### Brand Development Fee

You must contribute 1% of your Gross Revenue per month from the effective date of the franchise agreement (“Brand Development Fee”) in the manner we prescribe. We have the right to increase the Brand Development Fee up to 3% with 30 days’ prior notice to you.

Your contribution to the Brand Development Fee will be in addition to all other advertising requirements. Each franchisee will be required to contribute to the Brand Development Fee, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Outlets owned by us may, but are not required to, contribute to the Brand Development Fee on the same basis as franchisees.

The Brand Development Fee will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Development Fee will be held in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Development Fee will be utilized. We may use the Brand Development Fee for local, regional or national marketing, advertising, sales promotion, and promotional materials; public and consumer relations; including creation and modification of Avanti Body Business design and trade dress, logos, menu design, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software, preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, new product development, conducting customer surveys, focus groups, and marketing-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Avanti Body Business advertising and promotion in a particular area or market, or for the benefit of a particular Avanti Body Business or in connection with any Avanti Body Business opening promotions or otherwise), conducting and administering in-Avanti Body Business promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, service and product menus and menu boards, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating and hosting our website (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, certificates, and stored value card programs, the cost of products associated with the redemption of free coupons, gift certificates and stored value cards; developing and administering other customer loyalty programs; developing and administering online ordering platforms; providing and procuring public relations services; conducting public relations activities; charitable donations; and membership fees in international, national, regional, and/or local trade or other associations or organizations.

We may also use Brand Development Fee monies to reimburse ourselves, our authorized representatives, or our affiliates for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and all other direct or indirect expenses associated with the programs funded by the Brand Development Fee. We do not guarantee that advertising expenditures

from the Brand Development Fee will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use Brand Development Fee monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include in all advertising prepared using Brand Development Fee monies (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Development Fee monies may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Development Fee or to maintain, direct or administer the Brand Development Fee. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Development Fee on any terms we deem reasonable.

The Brand Development Fee is not audited. Upon your written request, we will provide to you an annual, unaudited accounting for the Brand Development Fee that shows how the Brand Development Fee proceeds have been spent for the previous year.

We have not collected any Brand Development Fee Contributions at this time.

#### *System Website*

We have established a System Website for Avanti Body Businesses. Additionally, we have developed a local website ("Local Page") for each Avanti Body Business. Your Local Page will include information relating to your specific business location and select content that we provide from our website. You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. We reserve the right to change the requirements relating to your Local Page at any time. We retain the right to market on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, metatags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies and requirements.

We have the right to review and require you to remove all online content on social media sites, blogs, in electronic communications and on other online sites in which our trademarks are used to protect the reputation and high quality associated with our trademarks. You must promptly notify us whenever any information on your listing changes or is inaccurate.

If we approve your use of a website, including social media websites, we reserve the right to require you to obtain our written approval of its initial content and all updates or modifications as the content may change over time. If we develop a template or other standardized format and/or content for Franchisee websites, you must agree to use our mediums. You may not sell products or services not approved by us in the Operations Manual on your Avanti Body Business website without our prior written approval (See Franchise Agreement – Section 9.4).

#### *Advisory Council*

We currently do not have, but may establish, an Avanti Body Businesses franchise advisory council ("FAC") that will serve in an advisory capacity with respect to a variety of issues, one of which is to advise us on advertising and promotional activities. The FAC will be governed by by-laws. The purpose of the FAC is to provide input regarding the Brand Development Fee and to promote communications between us and all Avanti Body Businesses. We will have the power to form, change, or dissolve the FAC, in our

sole discretion. We anticipate that the FAC will be established once there are approximately 20 Avanti Body franchise Businesses in operation.

#### *Computer System*

You are required to purchase technology devices as described in the Operations Manual which may include laptops, tablets, printers/scanners, cameras, phones and other equipment. We estimate the cost of purchasing this technology to be approximately \$3,950 to \$4,950. The initial Technology Fee will be \$819 per month and may be subject to change with 30 days' notice to you. This includes your software licensing fee, website hosting, email marketing, internet site, and other software and services including applications such as Meevo2 POS, Call tracking numbers, 3D body scanning software, marketing lead CRM, email marketing, Landing page hosting, online directory listings and once available we may include the client tracking application, a proprietary application fee, and other tracking software as we may designate from time to time. Your monthly Technology Fee also includes website maintenance fees to the supplier that provides such services.

The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Avanti Body business and used for no other purpose. Prior to your use you must obtain written approval on any technology devices that you currently own and wish to use at your Center along with the Point of Sale System ("POS"). You must maintain a high-speed Internet connection at all times as the POS will manage the daily workflow of the Avanti Body Business, coordinate the customer ordering experience, track inventory, labor, and other information. All sales must be processed through the approved POS systems and reported as gross revenue and no other supplemental or secondary POS system may be used. You must store all data (such as gross sales and related financial reports) and information in the POS that we designate. You must report all data and information in the manner we specify.

You must use any credit card vendors and accept all credit cards, debit cards and payment plan options that we determine. There is no contractual obligation to provide you with any ongoing maintenance, repairs, upgrades or updates for the POS. We may charge you a fee for: (i) installing, providing, supporting, modifying and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System related maintenance and support services that we provide to you. There is no contractual limitation on the frequency or cost of these obligations for you to maintain, upgrade, and update the computer systems in conformance with our System.

#### Ownership Information

We (or our designee(s)) have the right to independently access the electronic information and data relating to your Avanti Body Business, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Avanti Body Businesses. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Avanti Body Business, or from other locations.

#### Information Systems/Technologies

We may designate the information system used in your Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

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 you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense

All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or concerning the members of your Franchised Business (“the Information”) and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-termination obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees.

You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party’s gross negligence or intentional acts.

#### Training

#### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Red Light Therapy education and science	2	0	Corporate Operated Center
In center customer journey	1	3	Corporate Operated Center
Consultation and client retention	2	3	Corporate Operated Center
Equipment training (Red Light mats and add on devices)	1	2	Corporate Operated Center
Digital marketing strategies and partnerships	2	0	Corporate Operated Center
Local marketing and partnerships	2	0	Corporate Operated Center
Retail products	1	0	Corporate Operated Center
Competition	1	0	Corporate Operated Center
Daily operations	1	2	Corporate Operated Center

Business and staffing planning	2	0	Corporate Operated Center
<b>TOTAL</b>	15	10	

**Notes:**

1. We will use the Operations Manual as the primary instruction materials during the Initial Training Program.
2. Our Corporate Trainer will supervise and conduct training.
3. Other instructors will include our personnel with a minimum of 6 months of experience in the health and wellness industry.
4. Prior to scheduled live training, we may at our discretion offer virtual training courses to further prepare you for your initial training sessions.

At least thirty days before you open your Avanti Body Business, you or your Managing Owner and your Designated Manager must attend and complete the Initial Training Program to our satisfaction, as determined by the specific program instructors. We may provide training for additional people at a cost of \$500 per day, per person. You are responsible for the wages, travel, lodging and living expenses of all attendees. The initial training fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is non-refundable. The Initial Training Program is held on an as-needed basis to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program.

Our instructors include our President Andrea Dobkin, and CEO Terri Simpson. Ms. Dobkin who has 3 (three) years of experience in the red light therapy industry with us or our affiliates, 9 (nine) years of experience in franchising and 7 (seven) years of experience in the health and wellness industry. Ms. Simpson, our Chief Executive Officer, has 5 (five) years of experience in the red light therapy industry, 5 (five) years of experience in the health and wellness industry and approximately 6 (six) years of franchising experience. Ms. Dobkin and Ms. Simpson hold the responsibility for our training staff, consisting of assistants, sales and marketing staff, franchise service personnel and officers and personnel from our affiliate companies who have a minimum of 6 (six) months of industry experience. Generally, the instructors will conduct the training specified using lectures, webinars, presentations, manuals and other supplemental material. However, we may modify at various times during the year, the subjects covered, instructional materials provided, hours in the classroom, webinar and/or hands-on training, and instructors for classroom, webinar and hands-on training.

We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual(s) attending the Initial Training Program.

**Additional Training**

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Designated Manager, that person must attend and successfully complete our Avanti Body Initial Training Program before assuming responsibility for the management of your Avanti Body Business. This additional training will be at the cost of \$500 per person, per day. You are responsible for the wages, travel, lodging and living expenses of all attendees. If we conduct an inspection of your Avanti Body Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Avanti Body Business), which we may provide, and you must pay our then-current fees and all costs

and expenses. We anticipate holding such training no more than three times per year; however, you will receive at minimum of 30 days' notice prior to scheduling training.

On-site Training Cancellation Fee.

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us, in writing, of the cancellation but currently it is the greater of \$500 per person per day or our actual costs due to your cancellation.

Operations Manual

We will provide you access to a copy of our Operations Manual which contains mandatory and suggested specifications, standards and procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Operations Manual or other written materials relating to your franchised business. You must treat the Operations Manual and other written materials created for or approved for use in the operation of your Avanti Body business, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new and changed standard.

The table of contents from our Operations Manual is as follows:

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## ITEM 12 TERRITORY

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

### Your Location

You must only operate your Avanti Body Business from a location that you select and that we approve. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval. You must select a site from within the non-exclusive Site Selection Area as identified in the Franchise Agreement; however, we may use other boundaries (such as counties or other political boundaries, streets, geographical features, or trade area). The exact Site Selection Area granted to you will be specified in your Franchise Agreement.

You may not re-locate your Avanti Body Business without our prior written consent. We reserve the right to approve or deny your relocation request at our discretion based upon, without limitation, our own business judgment, your compliance with the Franchise Agreement, you open for business at the new location on the same day you close your former Franchise Location, and the proposed new Protected Area. In the event we approve your relocation request, you will be required to pay us a Relocation Fee of \$5,000. If we do not reply to your request for relocation within 30 days, then such request is deemed denied. Our approval of relocation is specific to a specific location.

### Grant of Territory

Once the location of the Avanti Body Business is identified, your franchise agreement will grant to you a protected area in which you will operate your Franchised Business (“**Protected Area**”). The Protected Area will be delineated by zip codes as determined by our business map software data from the US Census Bureau. Generally, a Protected Area will contain approximately 350,000 population consisting of residential and businesses population in the Protected Area. The population statistics used in determining your Protected Area will be based on numbers derived from the current U.S. Census report and supplemented with other information available and other population statistical sources of our choosing to determine populations. Your Protected Area will be identified in Attachment A to your Franchise Agreement.

In certain densely populated metropolitan areas, a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger protected area. During the term of the Franchise Agreement, and for so long as you are in compliance and subject to our reservation of rights below, and except in the Captive Market, we will not establish, franchise or license another person or entity to establish an Avanti Body Business within the Protected Area.

Carved out from protection in the Protected Area will be any venues that we consider a “Captive Market.” A Captive Market is any facility that serves a captive market, such as a department store, supermarket, shopping mall (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement park, airport, train station, travel plaza, casino, nightclub, store, public facility, college or school campus, sports or entertainment stadium or arena, hospital, office building, convention center, airline (in-flight services), military base, or any other mass gathering event or location. A Captive Market also is any facility for which service rights are contracted to a third party or parties (including designated roadways and adjacent facilities).

We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise or operate Avanti Body Business at any location inside the Protected Area if it is in a Captive Market or outside of the Protected Area, regardless of the proximity to your Avanti Body Business;

2. to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Protected Area including the Captive Market. This includes, but is not limited to, other channels of distribution such as television, through outlets at a fixed location, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

3. to offer and sell products and equipment under the Marks or any other marks, through retail locations or otherwise within or outside of the Protected Area;

4. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering related products and services, at any location, including within the Protected Area, which may be similar to or different from the Avanti Body Business operated by you;

5. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Avanti Body Business, wherever located within or outside Protected Area;

6. to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by Avanti Body Business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Protected Area, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Protected Area;

We are not required to pay you if we exercise any of the rights specified above within your Protected Area.

If you wish to purchase an additional Avanti Body Business, you must follow the current application process. We may, at our discretion, offer an additional Avanti Body Business to you provided you are in full compliance with your current franchise agreement. Once approved, you must sign our then-current form of franchise agreement, the terms of which may be materially different than the terms of the franchise agreement in this disclosure document.

Your franchise rights are dependent on achieving a minimum performance standard of achieving minimum monthly Gross Revenue of \$25,000 beginning in month 13 of operation. In the event you do not meet the minimum monthly Gross Revenue, it will constitute a default and we may terminate your Franchise Agreement. Other than as stated in this Item 12, there are no circumstances that permit us to modify your territorial rights under the franchise agreement. Unless we grant you development rights under a development agreement, we do not grant you any options or rights of first refusal to acquire additional franchises.

You are not restricted from selling authorized products and services to customers residing outside your Territory; however, you are only permitted to sell the authorized products and services at and from the Approved Business Location. Otherwise, you are not permitted to solicit consumers outside of your Protected Area. You are prohibited from setting up, maintaining or utilizing an Internet website, home page, or other social media site to sell products and services without our prior written consent. Except as otherwise provided, we retain the right to: operate and grant others the right to operate an Avanti Body Business anywhere outside of your Protected Area; develop, operate and grant others the right to operate any future concepts that are not included within the System at any location anywhere; and use and license the use of other proprietary marks or methods which are not a part of the System at any location anywhere.

## ITEM 13 TRADEMARKS

Our affiliate Avanti Body Holdings owns the following Marks that are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) where all required affidavits have been filed and Avanti Body intends to file all renewals of Marks when due:

Mark	Registration Number	Registration Date	International Class
AVANTI BODY	6294653	March 16, 2021	044
 AVANTI BODY WEIGHT LOSS, WELLNESS & REJUVENATION	7343711	April 2, 2024	044

We claim common law rights for the following Marks:

Mark	Registration Number	Registration Date	Register
	N/A	N/A	Common Law
	N/A	N/A	Common Law

We do not have a federal registration for the common law trademarks. These trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. The franchisor is currently not aware of any prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks.

There are no presently effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending interference, opposition or cancellation proceedings or material litigation involving the Marks. There are no infringing uses actually known to us that could materially affect your use of the Marks, however, we have not conducted an exhaustive search of users of names which may be the same or similar to our marks. The term "AVANTI" is a commonly used term in the anti-aging and spa services industry; therefore, you may have other businesses that are already operating in your protected area using the term "AVANTI" for the same or similar services as you may provide for your Franchised Business. All required affidavits and renewals have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the Avanti Body Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

You must follow our standards and specifications as identified in the Operations Manual when using the Marks.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair

competition arising out of your use of the Mark. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. You must sign any documents and take any other actions necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any related action we ask you to take.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

#### **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We have no patents or registered copyrights that are material to the Avanti Body Business. We do not have any pending patents or copyrights that are material to the Avanti Body Business.

The information in the Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your Avanti Body Business, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

We claim proprietary rights in certain of our practices, procedures and equipment which are included in our Operations Manual (“Confidential Information”) and which are our trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets. [See Owner’s Agreement, Attachment C to the Franchise Agreement]

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Avanti Body Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that

you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Avanti Body Business during the term of the Franchise Agreement.

You must notify us immediately after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with any proceeding related to the Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information or Trade Secrets, you must comply with all of our requirements.

All ideas, concepts, techniques or materials concerning an Avanti Body Business, whether or not they are protected intellectual property, and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property, part of the Franchise System, and works made for hire for our use. If any item does not qualify as a "work made for hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the item(s).

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

We require that either you, if you are an individual, or your managing owner, if you are an entity, have the authority and responsibility for the day-to-day operations of your Avanti Body Business. A managing owner must have at least twenty-five percent (25%) equity and be principally responsible for communicating with us about your Avanti Body Business ("Managing Owner"). If you are an Entity with multiple owners, one of your owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse's interest), unless we approve otherwise in writing. We may, in our sole discretion, allow you to appoint a designated manager ("Designated Manager") to supervise the day-to-day operations of the Avanti Body Business. You or your Managing Owner and the Designated Manager (if you have one) must successfully complete our Initial Training Program (See Item 11). The Designated Manager need not have an ownership interest in the legal entity of the Franchise owner. If you

replace a Designated Manager, the new Designated Manager must satisfactorily complete our training program at your own expense.

Any Designated Manager and, if you are an entity, any officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit G-2. All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G-3. Prior to disclosing any Confidential Information of Avanti Body, to any such employees, independent contractors, agents or representatives, you must ensure they execute the Confidentiality Agreement and must provide us a copy of such agreement within 5 days of execution. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement. The Owners Agreement contains a personal guaranty and covenant not to compete.

You may not appoint any Managing Owner or employ any Designated Manager who does not complete our Initial Training Program to our satisfaction. If a Designated Manager's employment with you is terminated, and your Managing Owner will not manage your Avanti Body Business, you must appoint a new Designated Manager who must successfully complete our Initial Training Program 30 days after the termination of the former Designated Manager, unless we do not hold an Initial Training Program during that 30-day period, in which case the replacement Designated Manager must attend and successfully complete the first available Initial Training Program held by us. At our sole discretion we may allow you to pay our then current training fee for training the Designated Manager at your Franchised Business if the next available training is more than 45 days from said notice. You are solely responsible for the training fee as well as all travel, lodging, food and related expense for our agent associated with such training. You may be charged a training fee for a replacement Designated Manager or Managing Owner, and the travel expenses and salary and benefits must be paid by you (See Item 6). The factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement Designated Manager or Managing Owner's previous experience and skill, and our availability. If your Designated Manager ends his/her employment relationship with you, whether voluntary or by force, you must participate in the management of the business on a full time equivalent basis until a replacement Designated Manager is hired and trained to our satisfaction. If you replace a Designated Manager for any reason, you will be required to manage the Avanti Body Business until the new Designated Manager has satisfactorily completed our training program.

## **ITEM 16** **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell or offer for sale only those products and services authorized or approved by us and which meet our standards and specifications. You must follow our policies, procedures, methods and techniques. We may change or add to our required products and services at our discretion with prior notice to you (See Item 8). There are no contractual limitations on our rights to make such changes to the required services and products offered by you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. If we approve of promotional items or services that will be sold in your Avanti Body Business, those items or services must be included

in your Gross Revenue and will be subject to any Gross Revenue based fees including but not limited to fees such as Brand Development Fee amount and Royalty Fee.

We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law. You may only offer and sell service packages as designated by us and as specified in your Operations Manual. The service packages are agreed upon by the franchisor and you based on various factors such as demographics, annual household income, and other similar factors. Any changes to the service packages offered must be approved by us in writing. If we do not grant approval in writing such request is deemed denied and you must not offer any unauthorized products or services.

You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Protected Area; provided that you provide the products or services within the Protected Area. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, X (previously known as Twitter), Instagram, LinkedIn or any other social or professional networking site or blog), or mention or discuss the Avanti Body Business, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may prohibit you from any use of the Marks in social networking sites or other online use without our prior written consent. You may not sell products through other channels of distribution such as the internet.

#### **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.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
(a) Length of the Franchise term	Section 1.4	The term of the franchise agreement begins on the Effective Date and expires, unless earlier terminated, on the 11 <sup>th</sup> anniversary of the Effective Date.
(b) Renewal or extension of the term	Section 13.1, 13.2	If you are in good standing you may enter into two additional consecutive five-year terms.
(c) Requirements for Franchisee to renew or extend	Section 13.2	Renewal consists of 2 additional 5-year terms. You must meet all required conditions to renew; including: you may be asked to sign an agreement with materially different terms and conditions from the original franchise agreement. Other requirements include giving us the required notice of your intent to renew, compliance with your franchise obligations during the franchise term and at the time of renewal, satisfaction of all monetary obligations, having the right to remain in possession of

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		the premises, renovation of the premises to meet our then-current image requirements, compliance with our then-current training requirements, payment of the renewal fee, and signing a general release.
(d) Termination by Franchisee	Section 14	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach and we fail to cure that breach within 30 days of receiving written notice of such material failure; or if we cannot correct the failure within 30 days, if we do not provide within 30 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time. Termination will be effective an additional 30 days after you deliver written notice of termination.
(e) Termination by Franchisor without cause	Not Applicable	Not Applicable.
(f) Termination by Franchisor with cause	Section 14.2	We can terminate upon certain violations of the Franchise Agreement by you.
(g) "Cause" defined - curable defaults	Section 14.2	You have 24 hours to cure: (i) health, safety, or sanitation law violations; (ii) monetary defaults; (iii) failure to maintain any insurance, license or permit; and (iv) violations of other applicable laws, regulations, ordinances, or consent decrees; and 30 days to cure operational defaults and other defaults not specified in (h) below.
(h) "Cause" defined - non-curable defaults	Section 14.2	Non-curable defaults under the Franchise Agreement include: material misrepresentation in acquiring the Franchise; three or more insufficient funds or returned checks in any one calendar year; failure to open the Avanti Body Business within nine months of the date of the Franchise Agreement; abandon the Avanti Body Business; failure to use required supplies or tools; failure to complete training; failure to maintain minimum sales level; unapproved

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		transfers; conviction of a felony; failure to maintain insurance; engagement in unauthorized or unethical behavior that has adverse effect; unauthorized use or disclosure of the Operations Manual or other confidential information; failure to pay taxes; failure on 2 or more separate noticed occasions to comply with the same obligation, whether or not those failures to comply are corrected; an assignment for the benefit of creditors; appointment of a trustee or receiver; within any period of 12 consecutive months, failure to comply with 3 or more separate occasions for which notices of default were given; or termination of any other Franchise Agreement or other agreement between you or your affiliates and us.
(i) Franchisee's obligations on termination/ non-renewal	Section 15	Obligations include paying outstanding amounts, including the balance of Royalty Fees from the date of termination until the scheduled expiration date of the Franchise Agreement; complete de-identification, including removal of signs and Marks; remodeling and reconfiguring of the Approved Business Location as necessary to distinguish it from its former appearance, removing all Approved Business Location distinguishing marks; notifying telephone company and telephone directory publishers of the termination of your right to use any numbers associated with our Marks and authorizing the transfer or forwarding of the numbers and directory listings at our direction; immediately remove all social media listings, including but not limited to Facebook, Instagram, X (previously known as Twitter), etc., or assign all accounts and login information to us at our discretion; ceasing to use and returning Confidential Information; and delivering to us copies of the entire customer files for each customer, which includes referrals, credit card and

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		bank information and any other customer information.
(j) Assignment of contract by Franchisor	Section 12.1	No restriction on our right to assign.
(k) “Transfer” by Franchisee - definition	Section 12.2	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
(l) Franchisor’s approval of transfer by Franchisee	Section 12.3	We have the right to approve all transfers.
(m) Conditions for Franchisor’s approval of transfer	Section 12.3	New franchise owner must have sufficient business experience and financial resources to operate the Franchise; you must pay us and third party vendors all amounts due; you must submit all required reports; new franchise owner (and its owners and affiliates) are not in a Competitive Business; new owner and employees must complete the Initial Training Program, paid for by you or the transferee; you or transferee signs our then-current franchise agreement and any ancillary documents, and this new franchise agreement may have different terms and conditions (including, for example, higher Royalty Fees and advertising contributions) from the Franchise Agreement that covered your initial term; you must pay transfer fee; you must sign a general release in favor of us (if law allows); you and any other direct or indirect owners execute a guaranty; we approve material terms; you subordinate amounts due to you; you cease to use the Marks; new owner must agree to upgrade the Avanti Body Business within specified time frame after transfer and to deposit with us the estimated cost to complete such upgrade; reimburse us for costs of transfer, including broker commissions or similar fees; and you and your owners must sign a non-compete agreement not to engage in a

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		competitive business for two years within: (i) a 50-mile radius of your Avanti Body Business; and (ii) a 50-mile radius of all other Avanti Body Business that are operating or under construction.
(n) Franchisor's right of first refusal to acquire Franchisee's business	Section 12.7	We have 30 days to match any offer for your Avanti Body Business.
(o) Franchisor's right to purchase Franchisee's business	Section 15.7	We may, but are not required to, purchase your Avanti Body Business, inventory, or Equipment at fair market value if your Avanti Body Business is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
(p) Death or disability of Franchisee	Section 12.5	The Franchise Agreement must be transferred or assigned to a qualified party within 180 calendar days of your Managing Owner's death or disability, or the Franchise Agreement may be terminated. You or your Managing Owner's estate or legal representative must apply to us for the right to transfer to the next of kin within a reasonable time not to exceed 120 calendar days of your or your Managing Owner's death or disability and must also appoint a manager who must complete training and be acceptable to us or, if not, we may assume management.
(q) Non-competition covenants during the term of the Franchise	Section 7	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. No diverting or attempting to divert any business from us (or one of our affiliates or franchisees). These non-competition provisions are subject to state law.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
(r) Non-competition covenants after the Franchise is terminated or expires	Section 15.6	Owners and their spouses cannot have any direct or indirect interest in, own, manage, operate, finance, control or participate in any competitive business within: (i) a 50-mile radius of your Avanti Body Business; and (ii) a 50-mile radius of all other Avanti body Businesses that are operating or under development, for two years. These non-competition provisions are subject to state law.
(s) Modification of the agreement	Sections 1 and 17	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
(t) Integration/merger clause	Section 17.13, 17.14	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
(u) Dispute resolution by arbitration or mediation	Section 17.6, 17.7	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Addison, Texas.) This provision is subject to state law.
(v) Choice of forum	Section 17.9	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Addison, Texas), subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
(w) Choice of law	Section 17.8, 17.9	Texas law applies, subject to state law.

## **ITEM 18 PUBLIC FIGURES**

We do not presently use any public figures to promote our Franchise.

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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 at 4002 Beltline Rd., Suite 140, Addison, Texas 75001, [corporate@avantibody.com](mailto:corporate@avantibody.com), 214-227-8817, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System-wide Outlet Summary  
For Years 2021-2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	1*	1	0
	2022	2	2	+1
	2023	4	3	-1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2021	1	1	0
	2022	2	2	+1
	2023	4	3	-1

\*This outlet is owned by our President/CEO.

**Table No. 2**  
**Transfers of Franchised Outlets to New Owner**  
**(other than the Franchisor)**  
**For Years 2021-2023**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
TOTALS	2021	0
	2022	0
	2023	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2021-2023**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2021-2023**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of Year</b>
Arizona	2021	0	0	0	0	0	0
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
California	2021	1*	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	2	1	0	0	0	2
Illinois	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	1	1	0	0	0	1
Total	2021	1	0	0	0	0	2
	2022	2	1	0	0	0	3
	2023	4	2	0	1	0	3

\*This outlet is owned by our President/CEO.

**Table No. 5**  
**Projected Openings as of**  
**December 31, 2023**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Illinois	0	1	0
Idaho	1	0	0
Texas	0	1	0
<b>TOTALS</b>	<b>0</b>	<b>2</b>	<b>0</b>

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and telephone number of every current franchisee and every franchisee who has had an Avanti Body Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit E.

If you buy an Avanti Body Business, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit B are:

1. unaudited balance sheet as of March 31, 2024 and related unaudited P&L for the period January 1 through March 31, 2024.
2. audited financial statements as of December 31, 2023, 2022, and the period of inception (April 15, 2022) and related statements of operations and member's deficit, and cash flows for the years ended.

We have not been in business for 3 or more years and therefore cannot provide all financials as required by this item.

Our fiscal year ends December 31.

**ITEM 22**  
**CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement and Exhibits
Exhibit F	State Addenda
Exhibit G	Contracts for Use with the Avanti Body Business

**ITEM 23 RECEIPT**

Two copies of a receipt of this disclosure document appear as Exhibit K. Please return one copy to us and retain the other for your records.

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

## LIST OF STATE ADMINISTRATORS

### **California**

Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013  
(866) 275-2677

### **Hawaii**

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

### **Illinois**

Office of Attorney General  
500 S. Second Street  
Springfield, Illinois 62706  
(217) 782-4465

### **Indiana**

Franchise Section  
Securities Division  
302 W. Washington St., Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

### **Maryland**

Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-7042

### **Michigan**

Consumer Protection Division  
Antitrust and Franchise Unit  
Department of Attorney General  
525 W. Ottawa St.  
G. Mennen Williams Bldg., 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
(517) 373-7117

### **Minnesota**

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

### **New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Fl  
New York, New York 10005  
212-416-8222

### **North Dakota**

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

### **Rhode Island**

Securities Division  
Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 68-2  
Cranston, Rhode Island 02920  
(401) 462-9527

### **South Dakota**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 14  
Pierre, South Dakota 57501  
(605) 773-4823

### **Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23218  
(804) 371-9051

### **Washington**

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

### **Wisconsin**

Franchise Administrator  
Division of Securities  
Department of Financial Institutions  
345 West Washington Avenue  
Madison, Wisconsin 53703

### LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
California	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Indiana Secretary of State Securities Division 200 West Washington Street, Room 201 Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021
Michigan	Department of the Attorney General Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, Michigan 48913
Minnesota	Minnesota Department of Commerce Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101
New York	Secretary of State 99 Washington Avenue Albany, New York 12231
Rhode Island	Director Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
Texas	National Registered Agents, Inc. 1999 Bryan Street, Suite 900 Dallas, Texas 75201
Virginia	Clerk, of the State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219
Washington	Director, Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501

<b>STATE</b>	<b>AGENT</b>
Wisconsin	Administrator, Division of Securities Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

# Avanti Body Franchising LLC

## Balance Sheet

As of March 31, 2024

	JAN - MAR, 2023	APR - JUN, 2023	JUL - SEP, 2023	OCT - DEC, 2023	JAN - MAR, 2024
<b>ASSETS</b>					
Current Assets					
Bank Accounts					
10100 BC 8186 Wells Fargo	1,876.12	2,937.11	610.96	46,983.04	864.03
10200 BC 9597 Wells Fargo	1,751.15	1,612.09	0.00	0.00	0.00
<b>Total Bank Accounts</b>	<b>\$3,627.27</b>	<b>\$4,549.20</b>	<b>\$610.96</b>	<b>\$46,983.04</b>	<b>\$864.03</b>
Other Current Assets					
13100 Loans to others					
13110 Loan to Lake Zurich			22,783.59	51,818.13	67,127.13
13120 Loan to Sol-Chicago	20,433.70	44,150.23	72,660.30	72,660.30	72,660.30
13130 Loan to SolVibrant	700.00	5,007.52	5,090.69	5,090.69	5,090.69
13140 Loan to Avanti Centers	1,247.99	8,851.42	11,616.73	15,085.24	19,585.75
13150 Loan to Avanti Scottsdale (4074)	35,857.25	62,992.84	88,277.05	139,309.95	142,765.37
<b>Total 13100 Loans to others</b>	<b>58,238.94</b>	<b>121,002.01</b>	<b>200,428.36</b>	<b>283,964.31</b>	<b>307,229.24</b>
<b>Total Other Current Assets</b>	<b>\$58,238.94</b>	<b>\$121,002.01</b>	<b>\$200,428.36</b>	<b>\$283,964.31</b>	<b>\$307,229.24</b>
<b>Total Current Assets</b>	<b>\$61,866.21</b>	<b>\$125,551.21</b>	<b>\$201,039.32</b>	<b>\$330,947.35</b>	<b>\$308,093.27</b>
<b>TOTAL ASSETS</b>	<b>\$61,866.21</b>	<b>\$125,551.21</b>	<b>\$201,039.32</b>	<b>\$330,947.35</b>	<b>\$308,093.27</b>
<b>LIABILITIES AND EQUITY</b>					
Liabilities					
Current Liabilities					
Accounts Payable					
20000 Accounts Payable (A/P)	0.00	0.00	898.03	236.68	0.00
<b>Total Accounts Payable</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$898.03</b>	<b>\$236.68</b>	<b>\$0.00</b>
Credit Cards					
24100 CC 5612 Wells Fargo	1,741.29	1,879.54	1,406.93	2,433.08	2,468.81
24200 CC 0478 Wells Fargo	1,431.00	2,490.65	5,348.02	6,749.27	3,433.70
<b>Total Credit Cards</b>	<b>\$3,172.29</b>	<b>\$4,370.19</b>	<b>\$6,754.95</b>	<b>\$9,182.35</b>	<b>\$5,902.51</b>
Other Current Liabilities					
20100 Payroll wages and tax to pay	0.00	0.00	0.00	0.00	0.00
21000 Accrued Expenses	7,644.00	7,644.00	7,644.00	7,644.00	7,644.00
26400 Reimbursement due to Terri	-5,108.85	-7,215.85	-7,265.85	-11,778.21	-11,778.21
<b>Total Other Current Liabilities</b>	<b>\$2,535.15</b>	<b>\$428.15</b>	<b>\$378.15</b>	<b>\$ -4,134.21</b>	<b>\$ -4,134.21</b>
<b>Total Current Liabilities</b>	<b>\$5,707.44</b>	<b>\$4,798.34</b>	<b>\$8,031.13</b>	<b>\$5,284.82</b>	<b>\$1,768.30</b>
Long-Term Liabilities					
25300 Loan From Avanti Holdings	66,469.57	169,245.35	300,637.26	435,213.82	496,565.37
26300 Loan from Pat Neville	19,348.50	19,348.50	19,348.50	19,348.50	19,348.50
<b>Total Long-Term Liabilities</b>	<b>\$85,818.07</b>	<b>\$188,593.85</b>	<b>\$319,985.76</b>	<b>\$454,562.32</b>	<b>\$515,913.87</b>
<b>Total Liabilities</b>	<b>\$91,525.51</b>	<b>\$193,392.19</b>	<b>\$328,016.89</b>	<b>\$459,847.14</b>	<b>\$517,682.17</b>
Equity					
30100 Partner investments	231,149.87	231,149.87	231,149.87	231,149.87	231,149.87
30300 Retained Earnings	-199,025.60	-199,025.60	-199,025.60	-199,025.60	-354,642.65
31000 Opening balance equity	-5,407.01	-5,407.01	-5,407.01	-5,407.01	-5,407.01
Net Income	-56,376.56	-94,558.24	-153,694.83	-155,617.05	-80,689.11
<b>Total Equity</b>	<b>\$ -29,659.30</b>	<b>\$ -67,840.98</b>	<b>\$ -126,977.57</b>	<b>\$ -128,899.79</b>	<b>\$ -209,588.90</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$61,866.21</b>	<b>\$125,551.21</b>	<b>\$201,039.32</b>	<b>\$330,947.35</b>	<b>\$308,093.27</b>

# Avanti Body Franchising LLC

## Profit and Loss

January - March, 2024

	TOTAL
Income	
40100 Sales	
40130 Technology fee	1,140.00
<b>Total 40100 Sales</b>	<b>1,140.00</b>
<b>Total Income</b>	<b>\$1,140.00</b>
<b>GROSS PROFIT</b>	<b>\$1,140.00</b>
Expenses	
60100 Advertising & marketing	12,319.00
60110 Events	1,276.03
<b>Total 60100 Advertising &amp; marketing</b>	<b>13,595.03</b>
60900 Interest paid	85.57
61000 Legal & professional services	
61010 Accounting fees	2,031.84
61020 Legal fees	8,090.50
<b>Total 61000 Legal &amp; professional services</b>	<b>10,122.34</b>
62000 Office expenses	515.67
62010 Software & apps	9,390.83
62030 Shipping & postage	1,756.10
<b>Total 62000 Office expenses</b>	<b>11,662.60</b>
62700 Travel	1,972.11
62710 Airfare	3,030.40
62720 Hotels	4,021.86
62730 Taxis or shared rides	782.76
62740 Vehicle rental (and fuel)	1,087.03
62750 Travel Meals	2,428.14
<b>Total 62700 Travel</b>	<b>13,322.30</b>
63000 Payroll expenses	
63010 Payroll Fees	1,050.02
63020 Payroll taxes	3,365.10
63030 Salaries & wages	23,160.00
<b>Total 63000 Payroll expenses</b>	<b>27,575.12</b>
63300 Bank fees & service charges	131.40
63700 Dues, subscriptions & memberships	36.75
63800 Continuing education	5,298.00
<b>Total Expenses</b>	<b>\$81,829.11</b>
<b>NET OPERATING INCOME</b>	<b>\$ -80,689.11</b>
<b>NET INCOME</b>	<b>\$ -80,689.11</b>

# **Avanti Body Franchising, LLC**

## **Financial Statements**

*As of December 31, 2023 and 2022*

*and for the year ended December 31, 2023 and the period  
from inception (April 15, 2022) through December 31, 2022*

Avanti Body Franchising, LLC

Financial Statements

As of December 31, 2023 and 2022  
and for the year ended December 31, 2023 and  
the period from inception (April 15, 2022) through December 31, 2022

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Phone 972 238 5900  
Fax 972 692 5357

[www.agllp-cpa.com](http://www.agllp-cpa.com)

### Independent Auditor's Report

To the Member  
Avanti Body Franchising, LLC  
Addison, Texas

#### **Report on the Financial Statements**

##### ***Opinion***

We have audited the financial statements of Avanti Body Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's equity (deficit) and cash flows for the year ended December 31, 2023 and the period from inception (April 15, 2022) through December 31, 2022, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations, changes in member's equity (deficit) and its cash flows for the year ended December 31, 2023 and the period from inception (April 15, 2022) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Avanti Body 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 Avanti Body Franchising, LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

##### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

*A+G LLP*

Dallas, Texas  
May 17, 2024

**Balance Sheets**

As of December 31,

**2023**

**2022**

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**Assets**

Current assets:

Cash and cash equivalents	\$ 46,983	\$ 10,252
Due from related party	11,778	-
Due from affiliate	-	33,459
Total current assets	<b>58,761</b>	43,711
<b>Total assets</b>	<b>\$ 58,761</b>	<b>\$ 43,711</b>

---

**Liabilities and Member's Equity (Deficit)**

Current liabilities:

Accounts payable and accrued expenses	\$ 13,386	\$ 11,587
Due to related party	19,349	-
Deferred revenue	13,477	-
Total current liabilities	<b>46,212</b>	11,587

Long-term liabilities:

Deferred revenue, net	<b>29,867</b>	-
Member's equity (deficit)	<b>(17,318)</b>	32,124
<b>Total liabilities and member's equity (deficit)</b>	<b>\$ 58,761</b>	<b>\$ 43,711</b>

---

<b>Statements of Operations</b>	<b>Year Ended December 31, 2023</b>	<b>April 15, 2022 through December 31, 2022</b>
Revenues:		
Franchise fee revenue	\$ 156	\$ -
Other revenue	<u>6,505</u>	-
Total revenues	<u>6,661</u>	-
General and administrative expenses:		
Advertising and marketing	5,234	44,857
Personnel costs	89,475	64,585
Professional fees	28,808	24,490
Other general and administrative expenses	<u>81,305</u>	65,094
Total general and administrative expenses	<u>204,822</u>	199,026
Loss from operations	(198,161)	(199,026)
Other expense:		
Interest expense	(656)	-
<b>Net loss</b>	<b>\$ (198,817)</b>	<b>\$ (199,026)</b>

<b>Statements of Changes in Member's Equity (Deficit)</b>	<b>Year Ended December 31, 2023</b>	<b>April 15, 2022 through December 31, 2022</b>
Balance at beginning of year	\$ 32,124	\$ -
Net loss	(198,817)	(199,026)
Contributions from member	149,375	231,150
<b>Balance at end of year</b>	<b>\$ (17,318)</b>	<b>\$ 32,124</b>

<b>Statements of Cash Flows</b>	<b>Year Ended</b>	<b>April 15, 2022</b>
	<b>December 31,</b>	<b>through</b>
	<b>2023</b>	<b>December 31, 2022</b>
<b>Operating Activities</b>		
Net loss	\$ (198,817)	\$ (199,026)
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	1,799	11,587
Deferred revenue	43,344	-
Net cash used by operating activities	(153,674)	(187,439)
<b>Investing Activities</b>		
Net cash provided by investing activities	-	-
<b>Financing Activities</b>		
Net advances from related parties	7,571	-
Net advances from (to) affiliate	33,459	(33,459)
Contributions from member	149,375	231,150
Net cash provided by financing activities	190,405	197,691
Net increase in cash and cash equivalents	36,731	10,252
Cash and cash equivalents, beginning of period	10,252	-
Cash and cash equivalents, end of period	\$ 46,983	\$ 10,252
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ 656	-

**NOTES TO FINANCIAL STATEMENTS**

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**1. Organization and Operations**

**Description of Business**

Avanti Body Franchising, LLC is a limited liability company formed under the laws of the State of Texas. References in these financial statement footnotes to "Company", "we", "us", and "our" refer to the business of Avanti Body Franchising, LLC. The Company was formed on April 15, 2022 ("Inception"). We are a wholly owned subsidiary of Avanti Body Holdings, LLC ("Member" or "Parent").

The Company was formed for the purpose of granting franchises for the establishment of businesses that specialize in providing red light therapy (also known as photobiomodulation) for weight loss, body sculpting, anti-aging and other health and wellness services ("Avanti Body Business"). The company operates under the "AVANTI BODY" trade name.

Our Parent, owns the trademarks, tradenames, service marks, and other intellectual property (the "Marks"). Our Parent has granted the Company a perpetual license to use and sublicense the Marks to the Company's franchisees pursuant to the terms of an Intercompany License Agreement ("License"). This agreement remains in effect until terminated by the mutual agreement of the Parent and the Company.

The table below reflects the status and changes in franchised outlets and affiliate-owned outlets for the year ended December 31, 2023 and the period from Inception through December 31, 2022:

<b>Franchised Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Year</u>
2022	0	0	0	0
2023	0	0	0	0

  

<b>Affiliate-owned Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Year</u>
2022	2	0	0	2
2023	2	2	1	3

**Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and has sustained losses from operations and net cash outflows from operating activities for the period from inception to December 31, 2023 and is dependent on additional funding from its member. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company's member has committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements. After considering the financial wherewithal of its member to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company's ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies**

**Basis of Accounting**

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

**Use of Estimates**

The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition. Actual results could differ from those estimates.

**Comparative Financial Statements**

Certain prior period amounts have been reclassified to conform to current year presentation.

**Fair Value Measurements**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents and accounts payable and accrued expenses. The carrying values of cash and cash equivalents and accounts payable and accrued expenses are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets and liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

**Revenue Recognition**

The Company recognizes revenue in accordance with FASB ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

**Franchise fee revenue**

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes an Avanti Body Business developed in one or multiple defined geographic area and provides for a ten year initial term with the option to renew for two additional consecutive five-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee. The new franchisee will then sign a new franchise agreement and is required to pay for a transfer and training fee.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue will be allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities will be recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services will be recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees will be recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees will be recognized over the contractual term of the transfer agreement.

**Other revenue**

Other revenue consists of product revenue and is recognized when the products are shipped.

**Advertising**

All costs associated with advertising and marketing are expensed in the period incurred.

**Income Taxes**

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income tax. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax return of the Member. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

The Company's member, Avanti Body Holdings, LLC, files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is subject to income tax examinations for all periods from inception.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Income Taxes (continued)**

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023 and 2022.

**Recently Adopted Accounting Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company adopted this standard as of January 1, 2023, using the modified retrospective approach and it did not have a material impact on its financial statements.

**Recent Accounting Pronouncements**

We reviewed other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

**3. Certain Significant Risks and Uncertainties**

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

**4. Revenue and Related Contract Balances**

**Disaggregation of Revenue**

The following table disaggregates revenue by source for the year ended December 31, 2023 and the period from Inception through December 31, 2022:

	<b>2023</b>	<b>2022</b>
<b>Point in time:</b>		
Other revenue	\$ 6,505	\$ -
<b>Over time:</b>		
Franchise fee revenue	156	-
<b>Total revenues</b>	<b>\$ 6,661</b>	<b>\$ -</b>

**NOTES TO FINANCIAL STATEMENTS**

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**4. Revenue and Related Contract Balances (continued)**

**Contract Liabilities**

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees. The Company classifies the contract liabilities as deferred revenue on the balance sheets. The following table reflects the change in contract liabilities from Inception through December 31, 2023:

	<b>2023</b>	<b>2022</b>
Deferred revenue – beginning of year	\$ -	\$ -
Revenue recognized	(156)	-
New deferrals	43,500	-
Deferred revenue – end of year	<b>\$ 43,344</b>	<b>\$ -</b>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023:

2024	\$ 13,447
2025	3,347
2026	3,347
2027	3,347
2028	3,347
Thereafter	16,509
Total	<b>\$ 43,344</b>

**5. Related Party Transactions**

At December 31, 2023 and 2022, the Company had an amount due from a related party in the amount of \$11,778 and \$0, respectively.

The Company frequently advances funds and pays expenses on behalf of the Company's affiliates for payment of general and administrative expenses. At December 31, 2023 and 2022, the Company had an amount due from its affiliate in the amount of \$0 and \$33,459, respectively.

At December 31, 2023 and 2022, the Company had an amount due to a related party in the amount of \$19,349 and \$0, respectively. The amount due to the related party is unsecured, bears no interest, and is due on demand.

**6. Commitments and Contingencies**

**Litigation**

Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

**7. Subsequent Events**

The Company has evaluated subsequent events through May 17, 2024, the date the financial statements were available to be issued.

**EXHIBIT C**  
**FRANCHISE AGREEMENT**



**Avanti Body Franchising LLC  
FRANCHISE AGREEMENT**

**Franchise Owner:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Franchise Location:** \_\_\_\_\_

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### ATTACHMENTS:

- Attachment A Franchise Data Sheet
- Attachment B Statement of Ownership
- Attachment C Owners Agreement
- Attachment D State Specific Franchise Agreement Amendment
- Attachment E Lease Rider
- Attachment F ACH Authorization Form

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into by and between Avanti Body Franchising, LLC, a Texas limited liability company with a principal business address at 4002 Beltline Road, Suite 140, Addison, Texas 75001 (“Franchisor”, “we,” “us,” or “our”), and the franchise owner identified on the signature block of this Agreement (“you”, “Franchisee”, or “your”), as of the date signed by us and set forth opposite of our signature on this Agreement (“Effective Date”).

### 1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE

#### 1.1 PREAMBLES

WHEREAS, Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the service mark “AVANTI BODY” and other commercial symbols to be used in connection with establishment and operation of a business providing red light weight loss, body sculpting, muscle recovery, anti-aging cosmetic therapy and other health and wellness services from a retail location and other related products and services “**Franchised Business**” or “**Avanti Body Business**”;

WHEREAS, in addition to the service mark “AVANTI BODY” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols as Franchisor may designate to be used in connection with the Franchised Business (“**Marks**”);

WHEREAS, distinguishing characteristics of the Avanti Body system include Marks, uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies and techniques; and Trade Secrets and other Confidential Information; and the Operations Manual, as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor for the operation of Franchise Businesses (“**System**” or “**Avanti Body System**”); and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a Franchised Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate an Avanti Body Franchise, has applied for the Franchise and such application has been approved by the Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System and Franchisee agrees to comply with this Agreement and all system standards. System standards are defined in the Operations Manual as mandatory and suggested specifications, policies, standards, safety standards, operating procedures, and rules (“System Standards”) we periodically prescribe for operating an Avanti Body Business and information on your other obligations under this Agreement in order to maintain the high and consistent quality critical to attracting and keeping clients of an Avanti Body Business and preserving the goodwill of the Marks; and

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

#### 1.2. ACKNOWLEDGMENTS

You acknowledge that:

- (i) you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business that an Avanti Body Business conducts may, and probably will, evolve and change.
- (ii) an investment in an Avanti Body Business involves business risks that could cause the loss of all or part of your investment.

- (iii) your personal business abilities and efforts are vital to your success.
- (iv) attracting clients to your Avanti Body Business will require you to make continual marketing efforts.
- (v) retaining clients for your Avanti Body Business will require you to have a high level of client satisfaction and adhere strictly to and maintain our System Standards. We may contact any client of any Avanti Body Business at any time, for any purpose.
- (vi) you have not received from us, other than information in Item 19 of our Franchise Disclosure Document, and are not relying upon, any representations or guarantees, express or implied, provided by us as to the potential volume, sales, income, or profits of an Avanti Body Business.
- (vii) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them because of this Agreement are deemed to be only between you and us.
- (viii) you represented to us, to induce our entry into this Agreement, that all statements you made and all materials you gave us are accurate and complete and that you made no misrepresentations or material omissions in obtaining the franchise.
- (ix) you read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.
- (x) we have the right to restrict your sources of products and services, as provided in this Agreement.
- (xi) we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you independently evaluated this opportunity, including the ability of your own business professionals and advisors, and relied solely upon those evaluations in entering into this Agreement.
- (xii) you were afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning this franchise opportunity.
- (xiii) you were afforded an opportunity to have this Agreement and all other agreements and materials we provided to you reviewed by an independent attorney and either did so or waived your right to do so.

### **1.3 CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.**

If you are a corporation, limited liability company, or general or limited partnership (collectively, an "Entity"), you agree and represent that:

- (1) you have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (2) your organizational documents, operating agreement, or partnership agreement, have been provided to us and recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;
- (3) Attachment B to this Agreement completely and accurately describes your owners and their interests in you as of the Effective Date;

(4) if you are an Entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement in the form attached hereto as Attachment C guarantying the obligations of the Entity, undertaking to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. We also require that the spouses of the Avanti Body Business owners sign the Owners Agreement. The Owners Agreement contains a personal guaranty and covenant not to compete. You expressly agree that each Owner and Manager of the Franchised Business shall sign our Confidentiality Agreement (unless they already signed a System Protection Agreement), These documents will be kept on file by you and available to us if requested the current form of which is attached to the Franchise Disclosure Document in Exhibit G-3. Prior to disclosing any Confidential Information of Avanti Body, to any such employees, independent contractors, agents or representatives, you must ensure they execute the Confidentiality Agreement. You shall provide us a copy of such signed agreements within twenty four (24) hours of request from us. Furthermore, you are solely liable to ensure compliance by such individuals.

(5) the Avanti Body Business will be the only business you operate like those described in the Franchise Disclosure Document during the term of this Agreement (although your owners may own other, noncompetitive business interests);

(6) you identified on Attachment B one of your owners who is a natural person with at least twenty-five percent (25%) ownership interest and voting power in you and has the authority of a chief executive officer and who will be principally responsible for communicating with us about your Avanti Body Business ("Managing Owner"). If you are an Entity with multiple owners, one of your owners who is a natural person must have at least fifty-one percent (51%) ownership interest and voting power in you (including a spouse's interest), unless we approve otherwise in writing. You delivered to us a completed Attachment B to accurately identify the Managing Owner; and

(7) you are in good standing with the state where your Entity is formed and agree to comply with all state and federal requirements to stay in good standing.

#### **1.4. GRANT AND TERM OF FRANCHISE**

Term. The term ("Term") of the Franchise and this Agreement begins on the Effective Date and expires on the eleventh (11<sup>th</sup>) anniversary date of the Effective Date, unless terminated earlier. During the Term you agree to faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote the Avanti Body Business. If you do not sign a Successor Franchise Agreement prior to the expiration of this Agreement (See Section 13.2) and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, except that you shall pay 150% of the current royalty fees due and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

#### **1.5. PROTECTED TERRITORIAL RIGHTS**

During the Term, and for so long as you are in compliance with all of your obligations hereunder, except as otherwise provided in this Agreement, and subject to our Reserved Rights as set forth in Section 1.6 below, and except in the Captive Market as defined below, we will not establish, franchise or license another person or entity to establish, an Avanti Body Business within the Protected Area identified in

Attachment A (“Protected Area”). Except as otherwise specifically provided in this Agreement, this Agreement does not restrict us and does not grant rights to you to pursue any of our other business concepts other than the Avanti Body Business. You will not be entitled to compensation in such cases.

Carved out from protection in the Protected Area will be any venues that we consider “Captive Markets.” A Captive Market is any facility that serves a captive market, such as a department store, supermarket, shopping mall (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement park, airport, train station, travel plaza, casino, nightclub, store, public facility, college or school campus, sports or entertainment stadium or arena, hospital, office building, convention center, airline (in-flight services), military base, or any other mass gathering event or location. A Captive Market also is any facility for which service rights are contracted to a third party or parties (including designated roadways and adjacent facilities).

You are not restricted from selling authorized products and services to customers residing outside your Territory; however, you are only permitted to sell the authorized products and services at and from the Approved Business Location or in accordance with our territory policies in the Operations Manual. Otherwise, you are not permitted to solicit consumers outside of your Protected Area. You are prohibited from setting up, maintaining or utilizing an Internet website, home page, or other social media site to sell products and services without our prior written consent. You must not cause or allow the Marks to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with any Internet website, home page, or social media site without our express prior written consent, which we may grant or withhold in our sole discretion. If we provide our consent to such use, then you may only use the Marks in such a manner authorized by us and in accordance with our procedures, standards and specifications as established from time to time.

The continuation of your rights in your Protected Area is dependent upon achieving a minimum performance standard of a minimum monthly Gross Revenue of \$25,000 beginning with month 13 of operation. In the event you do not meet the minimum annual royalty amount, this may constitute a default and we retain the right to reduce your Protected Area or terminate your Franchise Agreement in our sole discretion. Other than as stated in this Section 1.5, as long as you are in compliance with this Agreement and are meeting the minimum Gross Revenue amount, there are no other circumstances under which we will modify your territorial rights. Unless we grant you rights under a development agreement, you do not have right to develop additional AVANTI BODY outlets. Unless expressly provided in writing we do not grant or give you rights of first refusal or similar rights to acquire additional franchises.

## **1.6. TERRITORIAL RIGHTS WE RESERVE.**

We reserve all rights and discretion with respect to the marks and system, including the right:

1. to own, franchise or operate Avanti Body Business at any location inside the Protected Area if it is in a Captive Market or outside of the Protected Area, regardless of the proximity to your Avanti Body Business;

2. to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Protected Area including the Captive Market. This includes, but is not limited to, other channels of distribution such as television, through outlets at a fixed location, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

3. to offer and sell products and equipment under the Marks or any other marks, through retail locations or otherwise within or outside of the Protected Area;

4. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or

in the operation of a business offering related products and services, at any location, including within the Protected Area, which may be similar to or different from the Avanti Body Business operated by you;

5. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Avanti Body Business, wherever located within or outside Protected Area;

6. to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by Avanti Body Business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Protected Area, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Protected Area;

We are not required to compensate you if we exercise any of our rights specified above within or outside of your Protected Area.

### **1.7. MODIFICATION OF FRANCHISE SYSTEM.**

Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider best, in our sole discretion, to modify System Standards for any franchise owner based upon circumstances that we consider important to promote that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees and are not required to do so.

### **1.8 RELOCATION OF FRANCHISED BUSINESS**

You shall not change the Protected Area or relocate your Franchised Business without our prior written authorization which the approval may be withheld at our sole discretion. We reserve the right to approve or deny your relocation request at our discretion based upon, without limitation, our own business judgment, your compliance with this Agreement or any other agreement between you and us, and the proposed new Protected Area. In the event we approve your relocation request, you will be required to pay us a Relocation Fee of \$5,000. If we do not reply to your request for relocation within 30 days, then such request is deemed denied. Our approval of relocation is specific to a specific location.

If you wish to relocate from your Location to a new business site, we will authorize you to do so provided (i) you are not in default of the Franchise Agreement, any other agreements with us, or the lease for the former Franchise Location (ii) you are current on your financial obligations to us and our affiliates and all your third party creditors, (iii) you open for business at the new location on the same day you close your former Franchise Location and (iv) the new business site is within your Protected Area (v) you pay us relocation fee in the amount of \$5,000 ("Relocation Fee") or amending the franchise agreement to reflect such relocation.

## **2. SITE DEVELOPMENT AND OPENING**

### **2.1. SITE DEVELOPMENT**

#### **2.1.1 Site Selection.**

- a) When you sign the Franchise Agreement, we will mutually agree on a "Site Selection Area" within which you may locate your Franchised Business. You must only operate your Franchised Business from a location that you select and that we approve. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval. You must select a site from within the non-exclusive "Site Selection Area" as identified in Attachment A of this Agreement; however, we may use other boundaries (such as counties or other political boundaries, streets, geographical features, or trade area). Site Selection Area does not grant you any territorial protection of your Franchised Business.

b) You must identify and obtain an acceptable site for the Franchised Business within 90 days after the Effective Date of the Franchise Agreement. You will propose a site that is suitable for the operation of the Avanti Body Business according to the site selection criteria we provide to you. We will approve or refuse your proposed site within 30 days of receiving all requested information. Our failure to provide notification within this time period shall deem denial of our approval. You must submit to us, in the form we specify, a description of the site and other such information or materials as we may require. You must pay us a Site Selection Fee of \$100 to review your proposed site. Neither our acceptance of the premises nor any information communicated to you regarding our standard site selection criteria for or the specific location of the premises will constitute a warranty or representation of any kind, express or implied, as to the suitability or profitability of the site for an Avanti Body Business. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for an Avanti Body Business at the site. The approved site is the “Approved Business Location” or “Location” and if the Location is not identified at the time of execution of this Agreement, parties expressly agree to amend the Attachment A with the approved Location. Your Avanti Body Business may not relocate without first obtaining our written consent per Section 1.8.

2.1.2 Site Development.

- a) You assume all cost, liability, expense and responsibility for locating, obtaining and developing the Approved Business Location for the Avanti Body Business. You are responsible for obtaining all zoning and regulatory approvals which may be required by applicable law or which may be necessary as a result of any restrictive covenants related to the Approved Business Location. Prior to beginning the build-out or renovation of the Approved Business Location, you will obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Avanti Body Business and submit to us a certificate of insurance evidencing that the coverage specified in the Operations Manual is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon our request, you will provide to us additional copies of your insurance policies and certificates of insurance and copies of all such approvals, clearances, permits and certifications.
- b) We will furnish to you prototypical plans and specifications for an Avanti Body Business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme (all of which constitute our proprietary information). It will be your responsibility to have prepared all required architectural, engineering and design plans to suit the shape and dimensions of the Approved Business Location, and you must ensure that these plans and specifications comply with applicable ordinances, building codes, regulatory licensing and permit requirements, and with lease requirements and restrictions.
- c) You will obtain services as needed only from registered architects, registered engineers, and professional and licensed contractors designated by us or who meet our minimum requirements for the development and construction of the Avanti Body Business. You will submit to us the information and documentation set forth in the Operations Manual regarding the training, experience and financial responsibility of the registered architects, registered engineers and professional and licensed contractors whom you desire to retain to prepare the plans and construct the Avanti Body Business, along with copies of all proposed contracts with such architects, engineers and contractors, and any other information requested by us.
- d) You will submit your plans to us and upon our request, will submit all revised or “as built” plans during the course of construction. We will review the plans to confirm they comply with

our prototypical plans and the Standards. We will notify you in writing whether we accept or reject the plans within ten (10) days following our receipt of such plans. You may not begin construction prior to receiving notification that we approve the plans. All construction must be in accordance with the plans approved by us and comply in all respects with applicable law and the lease.

- e) You will use only the fixtures, furnishings (including décor), materials, equipment and signs that comply with the Standards in the development and operation of your Avanti Body Business.
- f) During the course of construction of the Avanti Body Business, you will (and will cause its architect, engineer, contractors and subcontractors to) cooperate fully with us and our designees for the purpose of permitting us and our designees to inspect the Approved Business Location and the course of construction of the Avanti Body Business to determine whether construction is proceeding according to the plans approved by us in accordance with the Operations Manual. Without limiting the generality of the foregoing, you and your architect, engineer, contractors and subcontractors will supply us and our designees with samples of construction materials, supplies, equipment and other materials and reports requested by us or our designees and allow us and our designees access to the Approved Business Location to conduct such inspections. If requested by us, you will submit to us reports with photographs showing progress made in connection with the construction of the Avanti Body Business at the frequency prescribed by us. You shall pay us \$100 for each instance we review the construction plans and related materials, upon our request.
- g) If the Avanti Body Business occupies a space under a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment E). You will ensure that the addendum provided by us in the Operations Manual related to us taking over the lease in the case of your bankruptcy will be added to any lease of the Approved Business Location.
- h)
- i) Notwithstanding our right to approve the plans and inspect the construction work at the Approved Business Location, we and our designees will have no liability or obligation, with respect to the Approved Business Location, regarding the design or construction of the Avanti Body Business or the furnishings, fixtures, materials and equipment acquired for the build-out of the Avanti Body Business, or any failure on your part to obtain all applicable regulatory licenses, registrations and/or permits. You acknowledge and agree that our rights under this Section 2 are exercised solely for the purpose of ensuring compliance with our Standards.

## **2.2. OPENING INSPECTION**

We will conduct a minimum of one (1) Opening Inspection of the franchised business to ensure you are in compliance with our standards and specifications. The Opening Inspection will take place either during the build-out phase or before you open your franchise for business. You shall not open your Franchised Business to the public without written authorization from us. We have sole discretion and right to conduct this Opening Inspection in any way we deem appropriate including virtually, in which case, you shall assist us with our reasonable requests, including but not limited to, a virtual walk-through of your Avanti Body Business location. However, our authorization for opening of the Franchised Business is limited solely to reviewing and confirming compliance with our Standards and does not warrant, represent, guarantee, or assure that your Avanti Body Business will be successful, profitable, or meet your expectations.

### **2.3. OPERATING ASSETS**

You agree to use only the equipment, supplies and other items (“Operating Assets”) that we approve for your Avanti Body Business as meeting our standards and specifications for quality, design, appearance, function, and performance. You agree to place or display only the signs, emblems, lettering, logos, and display materials that we approve. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

### **2.4. COMPUTER SYSTEM**

You agree to obtain and use our proprietary computer hardware and/or operating software, programs, or websites that we specify from time to time in our Operations Manual (“Computer System”). You are required to purchase technology devices as described in the Operations Manual which may include laptops, tablets, printers/scanners, cameras, phones and other various devices. We may modify specifications and components of the Computer System from time to time in our sole discretion. You will maintain a functioning email address that we designate for you and a high-speed internet connection. Our modification of specifications for the Computer System, and/or other technological developments or events, may require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for these modifications. You acknowledge and agree that changes to technology are dynamic and not predictable. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs may not be fully amortizable over this Agreement’s remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. You agree to obtain the Computer System we currently require at least sixty (60) days prior to the opening of the Avanti Body Business. During your operation of the Avanti Body Business pursuant to this Agreement, you must, within 30 days after you receive notice from us, obtain any new Computer System components we designate and ensure that your Computer System, as modified, functions properly, including any updates to the software as may be provided.

Although you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party’s computer system; (3) backing-up all necessary data; (4) maintaining and updating an anti-virus software program; and (5) any and all consequences if the Computer System is not properly operated, maintained, backed-up, and upgraded.

The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Avanti Body business and used for no other purpose.

### **2.5. DATA/POS**

All sales must be processed through the approved POS systems and reported as gross revenue and no other supplemental or secondary POS system may be used. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your Avanti Body Business. We own all data generated by the Computer System concerning the Avanti Body Business, including financial information, customer data and customer lists. Your right to access and use this data is granted pursuant to the terms of this Agreement. Upon termination or expiration of this Agreement, all rights to such data will terminate. We (or our designee(s)) have the right to independently access the electronic information and data relating to your Avanti Body Business, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Avanti Body Businesses. This may include posting financial information of each franchisee on an intranet website. We may access the electronic

information and data from your Computer System remotely, in your actual location, or from other locations in our sole discretion. There is no contractual limitation on our right to receive or use information through our data management and intranet systems.

## **2.6. OPENING**

**2.6.1** You will open your Avanti Body Business when the following have been achieved:

(i) You must open your Avanti Body Business within nine (9) months from the Effective Date of this Agreement. However, this time may vary depending on numerous factors including location, construction schedules, financing, licensing and permitting that you may be required to obtain under applicable law in the jurisdiction where your Avanti Body Business is located. You must open the Avanti Body Business by the agreed upon Opening Date; however, if you fail to do so, then you may request, in writing, one or more 30-day extension periods (not to exceed 90 days) from the required opening date. You will pay the Opening Extension Fee when you submit your written request.

(ii) You may not open your Avanti Body Business until: (a) we notify you in writing that all of your pre-opening obligations have been fulfilled; (b) you have completed the Initial Training Program to our satisfaction; (c) all amounts due to us have been paid; (d) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (e) all approvals and conditions stated in the Franchise Agreement have been met; (f) you have received all required permits and licenses; (g) you have ordered, received and installed your fixtures, equipment, supplies, inventory and related materials; and (h) your Approved Business Location has received its certificate of occupancy, if required by law, and has been approved by us. You must be prepared to open and operate your Avanti Body Business immediately after we confirm your Avanti Body Business is ready for opening. The date that the Avanti Body Business first opens to the public shall be referred to herein as the “Opening Date.”

**2.6.2 BY VIRTUE OF COMMENCING OPERATIONS OF YOUR CENTER, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR OBLIGATIONS TO YOU THAT WE ARE REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR AVANTI BODY BUSINESS.**

## **2.7. LEASE**

If the Avanti Body Business, occupies a space under a commercial lease, the lease must contain terms that we specify. (See “Lease Rider” attached as Attachment E to this Agreement). Your rights in your Approved Business Location must be subordinate to our rights as set forth in the Lease Rider. We possess the right to reject a proposed lease if the landlord refuses to sign the Lease Rider in substantially the form set forth in Attachment E to this Agreement. The Lease Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter and operate the premises of your Avanti Body Business. You expressly acknowledge and agree that our approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that we require.

## **2.8. EQUIPMENT**

You are required to use dedicated equipment in the operation of your AVANTI BODY Business that we approve. The equipment includes red light therapy and other health and wellness related equipment that is approved by us (“Equipment”). You must purchase or lease the then-current, approved Equipment for your Avanti Body Business, or obtain prior approval for use of alternate equipment. Our Operations Manual contains the approved Equipment list that you will be required to purchase or lease.

2.8.1 You must at your sole expense, outfit the Approved Business Location with the Equipment, in accordance with our then-current System Standards, as provided in the Operations Manual, and at our request, periodically update or improve the Equipment, where applicable. Any such updates or improvements must be made within 30 days of our delivery of such notice to you.);

2.8.2 Maintain the condition of the Approved Business Location and Equipment consistent with the approved image of an Avanti Body Business;

2.8.3 Not use the Equipment or the Approved Business Location for any purpose other than the operation of the Avanti Body Business as described herein, unless you obtain written authorization from us;

2.8.4 Place or display on the Approved Business Location and Equipment only the signs, emblems, lettering and logos that we provide or approve;

2.8.5 Not sell or otherwise transfer the Equipment, without our prior written approval and without first removing all the Marks from the Equipment; and

2.8.6 Allow us to inspect the Approved Business Location and Equipment in the frequencies and manners described in the Operations Manual and upon our request.

2.8.7 You expressly acknowledge us or our affiliate may be the only designated or approved supplier for that certain proprietary equipment such as the Body Contour light system, Anti-aging light system, or other systems as may be required to be used in operation of your Avanti Body Business. You are solely responsible for any freight charges incurred in purchase of such proprietary equipment.

### **3. FEES**

Except as stated herein, all fees listed in this Article 3 shall be fully earned and nonrefundable in all circumstances upon receipt.

#### **3.1. INITIAL FRANCHISE FEE**

Upon execution of this Agreement, you must pay us an initial franchise fee (“Initial Franchise Fee”) as stated in Attachment A to this Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Avanti Body Business and also offsets some of our franchise recruitment expenses.

#### **3.2. ROYALTY FEES**

On the fifth day of each month, you agree to pay us a monthly royalty fee (“Royalty Fee”) equal to six percent (6%) of Gross Revenue for the previous month. The Minimum Royalty Fee (as defined below), if applicable, is due and payable in the same manner as the Royalty Fee. The Royalty Fee is an ongoing payment for the right to use the Marks and the intellectual property of the System. You acknowledge that we are entering into this Agreement with the expectation that we will receive a Royalty Fee based on the greater of your actual Gross Revenue or the Minimum Royalty Fee over the full term of this Agreement.

3.2.1 If your total Royalty Fee payments at the end of each year of operation are less than \$18,000.00, you must pay us the actual difference between your Gross Revenue paid during that calendar year and \$18,000 (“Minimum Royalty Fee”). For avoidance of any doubt, if during a calendar year your Royalty Fees paid are \$10,000, you must pay the franchisor an additional \$8,000 to meet the annual Minimum Royalty Fee requirement of \$18,000. The Royalty Fee is based on Gross Revenue during the previous month. Such difference shall be paid no later than thirty(30) days from the end of the calendar year for which the difference is paid.

### **3.3. DEFINITION OF GROSS REVENUE**

“Gross Revenue” means the total revenues for all Services (as defined in Item 16) and all other revenue of every other kind and nature related to the Avanti Body Business whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. All barter and exchange transactions for which you furnish services or products in exchange for goods and services to be provided by the vendor, supplier or customer will be valued at the full retail value of the goods bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenues also includes any payments you receive from vendors; chargebacks are not deducted from Gross Revenues. Gross Revenue also includes the proceeds of any business interruption insurance applicable. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Revenue when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail prices of services purchased with coupons, gift cards, gift certificates or vouchers will be included in Gross Revenue during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Revenue will expressly exclude the following: tips and gratuities, sums collected and actually paid by Franchisee for any sales or other excise tax imposed by any duly constituted government authority. In the case of promotional discounts, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Gross Revenue. “Reporting Period” means each monthly period ending on the last day of each calendar month. In the event of a dispute, we have the final authority, in our sole discretion, to determine the Gross Revenue for your Avanti Body Business.

You agree to pay the amount of any tax imposed by any federal, state, municipal or other governmental authority as and when due. If you render services to a customer or otherwise recognize a sale (whether or not you have received payment from the customer), the amount of Gross Revenue upon which Royalty Fee is calculated will include any services that began during the calculating period, regardless of whether the services are complete.

### **3.4. LATE PAYMENTS/INSUFFICIENT FUNDS/ AUDIT**

3.4.1 Late Payments. Any payment not made by the due date will be deemed past due. If any payment is five (5) or more days past the due date, you will pay us a late fee of \$150.00 plus interest equal to the lesser of eighteen percent (18%) per annum or the highest amount allowed by law beginning with the original due date and accruing until the original amounts plus late fees are paid off. We may debit your bank account automatically or deduct from any amounts you may owe us or our affiliates. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Avanti Body Business.

3.4.2 Insufficient Funds. You will be required to pay us the greater of \$100 per occurrence, or the highest amount allowed by law, if any check or ACH payment from you is not successful due to insufficient funds, a stop payment, or any similar event. You acknowledge this rate is subject to change.

3.4.3 Failure to Submit Required Data Fee. If you fail to submit or allow us access to any required data, you shall pay us the amount of \$500 per occurrence. You acknowledge that you will continue to incur this fee until you submit the required data.

3.4.4 Default Fee. If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination, we may impose a fee (“Default Fee”) in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the default fee within 3 days of our demand.

3.4.5 Professional Fees and Expenses. You agree to reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of this Agreement. You shall reimburse us if we are required to incur any expenses in enforcing our rights against you under this Agreement or for any costs or fees we incur for any transfer that is not completed.

3.4.6 Indemnification. You must indemnify and reimburse us for any expenses or losses, including professional fees, which we or our representatives incur related in any way to your Avanti Body Business or Franchise.

3.4.7 Holdover Fee. You agree that if your Term expires or if your rights to the Franchised Business terminates pursuant to this Agreement and you continue to operate the Avanti Body Business after the expiration or termination of this Agreement without renewal or execution of a new franchise agreement, you shall pay us a continued monthly royalty fee calculated as 150% of the current Royalty Fee due. You expressly acknowledge that our right to charge you this fee shall be in addition to all other rights we have pursuant to this Agreement, at law, and equity.

### **3.5. APPLICATION OF PAYMENTS**

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

### **3.6. METHOD OF PAYMENT**

We will debit your business checking account (“EFT Account”) for all fees and other payments due to us under this Agreement, including the Royalty Fee payments, Brand Development Fee contributions and any other payments that you owe to us, when such amounts are due to us as provided in this Agreement. You shall be required to execute the ACH Authorization form attached hereto as Attachment F. The EFT Account must maintain a minimum balance of \$2,500 against which we will withdraw funds due to us. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you have not timely reported the Gross Revenues to us for any reporting period, then we may debit your account in an amount equal to (a) the fees transferred from our account for the last reporting period for which a report of the Gross Revenues was provided to us; or (b) the amount due based on information retrieved from our approved POS computer system.

We require you to remit fees and other amounts due to us hereunder via ACH, or other similar means utilizing our approved computer system or otherwise. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due thereon. You shall make funds available to us for withdrawal by electronic transfer no later than the due date for payment therefore.

### **3.7. TECHNOLOGY FEES**

You are required to utilize our proprietary software for the operation of your Avanti Body Business. Upon signing this Agreement, you must pay us a technology fee of \$819 per month. The technology fees are deemed fully earned by us once paid and are nonrefundable. You will be required to pay us the then-current technology fee on the 5th day of each month. We reserve the right to increase this fee in our sole discretion upon 30-days’ written notice in the event we upgrade, modify or add new software or technology for use in the Avanti Body Business. This fee covers certain technologies used in the operation of your Avanti Body Business, which may include but is not limited to: Meeveo2 POS/CRM system, email marketing, call tracking numbers, landing page hosting, 3D-body scanning software, proprietary application fee, other tracking software or other items as we deem appropriate. Once available we may include client tracking application as an additional technology provided. We reserve the right to amend this list and add, remove any application we see fit in our sole discretion. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or

technology to you. In such case, we retain the right to charge, and upon notice you shall pay, all costs incurred by us to the licensor based on your use of the software or technology plus a reasonable administrative fee. The Technology Fee will automatically increase each calendar year by an amount not to exceed 10% of the prior year's fee.

### **3.8 DIGITAL ADVERTISING MANAGEMENT FEE**

Each month, we will collect from you, or you will pay our designated third-party vendor in the timing and manner such vendor requests, our then-current digital management fee. This fee is for the approved marketing agency to manage and create digital advertising, provide KPIs and manage budgets and other items as we deem necessary. See Section 9.2.2 of this Agreement for further details.

### **3.9 OPENING EXTENSION FEE**

If your Avanti Body Business does not open within nine months from the effective date of this Agreement, you will be required to pay us an Opening Extension Fee in the amount of \$500 every 30 days, not to exceed 90 days, until your Avanti Body Business is open to the public.

## **4.0 TRAINING AND ASSISTANCE**

### **4.1 INITIAL TRAINING**

4.1.1 You are required to complete our initial training program at the times and places we designate ("Initial Training Program"). You or your Managing Owner (if you are an entity), and your Designated Manager, if applicable, must complete the Initial Training Program to our satisfaction prior to the Avanti Body Business opening to the public. If your attendee cannot complete the Initial Training Program to our satisfaction, we may terminate this Agreement in our sole discretion. Unless we agree otherwise in writing, you must complete the Initial Training Program at least thirty days before you open your Avanti Body business.

We will provide the Initial Training Program for two people at no charge. Additional persons may attend the initial training program at our then-current daily training fees which is currently \$500 per person per day. You agree to pay for all wages, travel, lodging, meals, and living expenses of the required attendee and each additional attendee of yours. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual(s) attending the Initial Training Program.

### **4.2. ADDITIONAL TRAINING**

4.2.1 We may require that you, your Managing Owner or your Designated Manager attend and satisfactorily complete various training courses and continuing education courses that we periodically choose to provide, or designate a third party to provide, at your cost at the times and locations that we designate. You will receive no less than 30 days' prior written notice for any refresher or additional training that may be required. You agree to pay all wages, travel, lodging, meals, and living expenses of your attendees. . At our sole discretion we may allow you to pay our then current training fee for training the Designated Manager at your Franchised Business if the next available training is more than 45 days from said notice. You are solely responsible for the training fee as well as all travel, lodging, food and related expense for our agent associated with such training.

4.2.2 Refresher Training. We periodically may provide and require that you and/or your Designated Manager or any of your staff attend seminars or refresher training programs as required in the Operations Manual. Attendance may be mandatory or required depending upon the material or training to be covered. If we conduct an inspection of your Avanti Body business and determine you are not operating in compliance with this Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate

headquarters or at your Avanti Body Business), which we may provide and you must pay our then-current fees and all costs and expenses. Attendance at these training programs will be at our then-current rate, plus expenses, including wages, travel, lodging, meals, and living expenses of all attendees, at your sole expense. We anticipate holding such training no more than three times per year; however, you will receive at minimum of 30 days' notice prior to scheduled training.

4.2.3. Convention Fee. In addition to participating in additional training, you, your Managing Owner, or your Designated Manager will be required to attend an annual meeting of all franchisees at a location we designate. You are responsible for all wages, travel, lodging, meals, and living expenses for your attendees. If you do not attend the convention, you shall pay us within ten days of the beginning of any annual convention, a convention fee of \$1,000 ("Convention Fee"), or our then-current Convention Fee; your failure to attend an annual convention or a required meeting is a default under this Agreement. The Convention Fee is assessed in addition to other fees that may be required. You understand and agree that any specific on-going training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time. We may preclude you from participating in any convention or program if you are in default of this Agreement or if you have had two or more notices of default in the year prior to the convention or program.

4.2.4. New Designated Manager or Owner Training. If you appoint a new Designated Manager, that person must attend and successfully complete our Avanti Body Initial Training Program before assuming responsibility for the management of your Avanti Body Business. This additional training will be at the cost of \$1,000 per day per person. You are responsible for the wages, travel, lodging and living expenses of all attendees. The newly Designated Manager must complete such training within 30 days of appointment or may opt to pay a training fee for training at their Franchised Business if the next available training is more than 45 days from said notice.

4.2.5. On-site Training Cancellation Fee. If our representative is scheduled to conduct on on-site training program at your Franchised Business or if you register for a training program and you cancel, fail to attend, fail to have appropriate parties attend or fail to stay for the entire training program, and you did not provide us with 2 weeks prior written notice that you or appropriate parties will not be attending,, then you must pay us the greater of our then-current on-site training cancellation fee or the actual costs and expense of rescheduling our travel arrangements. ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

### **4.3. GENERAL GUIDANCE**

We will advise you from time to time regarding the Avanti Body Business operation based on your reports or our inspections and will guide you with respect to: (i) standards, specifications, operating procedures and methods that Avanti Body Businesses use; (ii) purchasing required and authorized Operating Assets and other items and arranging for their distribution to you from us or suppliers; (iii) advertising and marketing materials and programs; (iv) employee training; and (v) administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through our operations and brand standards manual ("Operations Manual"), in emails or other written materials, through the use of electronic media, telephone conferences, and/or meetings at our office or at your Avanti Body Business.

### **4.4. OPERATIONS MANUAL**

Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual and may also be included in other written materials. The Operations Manual also will include guidelines or recommendations in addition to

required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

We will make available to you during the Term of this Agreement one copy of our Operations Manual, which may include audio, video, computer software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested standards, specifications, operating procedures, and rules that we periodically prescribe for operating an Avanti Body Business and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards.

If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than Avanti Body Business employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then-current charge.

At our option, we may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet will be deemed to be part of Confidential Information (defined in Section 6 below).

You acknowledge that your compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation of the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Avanti Body Business.

**4.4.1 Revisions** We retain the right to add to or otherwise modify the Operations Manual from time to time in our sole discretion to reflect changes in the specifications, standards, operating procedures and rules prescribed by us. We may make such additions or modifications available to you on the same basis that they are made available to other franchisees. You shall immediately, upon notice, adopt any such changes and shall ensure that your copy of the Operations Manual is up-to-date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual, maintained by us at our headquarters, shall be controlling.

**4.4.2 Confidentiality** The Operations Manual contains Trade Secrets and other Confidential Information of us, our System, and Marks and its contents shall be kept confidential by you both during the term of the Franchise Agreement and subsequent to the expiration and non-renewal or termination of this Agreement. If the Operations Manual is in paper form or stored on computer-readable media, you shall maintain the Operations Manual in a secure manner at your Avanti Body Business; if the Operations Manual is in electronic form, you shall maintain the Operations Manual in a password-protected file. You shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination or passwords needed for access to the Operations Manual. You shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner or in connection with any purpose other than operation of Franchised Business.

#### **4.5. DELEGATION OF PERFORMANCE**

You agree we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

#### **4.6. STAFFING**

You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees render competent, prompt, courteous, and knowledgeable service in accordance with the standards. You shall cause all employees, while working at your Avanti Body Business, to present a neat and clean appearance and to wear uniforms of such color, design, and other specifications as we may designate from time to time; and shall prohibit the wearing of such uniforms except during and within the scope of an employee's employment. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. Franchisee is exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. Franchisee is exclusively responsible for labor relations with your employees.

The parties intend by this Agreement to establish between you and us only the relationship of franchisor and franchisee. You have no authority to create or assume, in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of the AVANTI BODY Business, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use any of the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof.

We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for the Avanti Body Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to the Avanti Body Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing

your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of the Avanti Body Business and that under no circumstances shall we do so or be deemed to do so, unless otherwise mentioned in this Agreement. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of the Avanti Body Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Avanti Body Business.

You agree to inform each of your employees that you alone are their employer, and that we are not. You will use your legal name on all documents for use with your employees or contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and you will not use the Marks on these documents.

#### **4.7. NATURE AND ASSISTANCE OF TRAINING**

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any pre-opening services to the you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your business, you must immediately notify us in writing within thirty (30) days following the opening of your business; if no such notification has been received, you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

### **5. INTELLECTUAL PROPERTY**

#### **5.1. OWNERSHIP AND GOODWILL OF MARKS**

Your right to use the Marks is derived only from this Agreement and limited to your operating the Avanti Body Business according to this Agreement and all System Standards we prescribe during its Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Avanti Body Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not, during or after this Agreement's Term, contest or assist any other person in contesting the validity, or our ownership, of the Marks.

#### **5.2. LIMITATIONS ON YOUR USE OF MARKS**

You agree to use the Marks as the Avanti Body Business's sole identification, except that you agree to identify yourself as its independent owner and operator in the manner we prescribe in the Operations Manual or otherwise in writing to you. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark or name similar to the Mark: (i) as part of any corporate or legal business name; (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (iii) in selling any unauthorized products or services; or (iv) in any other manner that we have not expressly authorized in writing. You may not use any Mark as part of any domain name,

homepage, electronic address, social media website, or otherwise for a Website, without our prior written consent, and only then on the terms we specify.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Avanti Body Business or an ownership interest without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe in the operation of the Avanti Body Business and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Avanti Body Business that you are an independently-owned and operated licensed franchisee of AVANTI BODY FRANCHISING, LLC.

**5.2.1 Social Media.** We have the sole right to maintain Social Media sites and/or applications including, but not limited to: X (formerly known as Twitter), Facebook, LinkedIn, Instagram and other sites or applications that we may establish. We do not allow you to establish or utilize Social Media sites or applications for business purposes. You and your employees do not have the right to utilize the Marks on any Social Media sites and/or applications, even if made from a personal Social Media account. Further, any representations from you or your employees regarding your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement. We may allow you to market your Avanti Body Business through social media sites so long as you follow our online policies and procedures, which are contained in the Operations Manual and subject to change per our sole discretion, which includes allowing us independent access with the right to change content and user information to your social media pages with user id and password. Our online policies and procedures may change as technology and the Internet changes.

### **5.3. NOTIFICATION OF INFRINGEMENTS AND CLAIMS**

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights provided that your use of the Marks is authorized and not in violation of our System standards and specifications. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You agree to notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. It is in our sole discretion to take the action we deem appropriate (including no action) to exclusively control any litigation or other administrative proceeding involving a trademark licensed by us to you. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any related action that we have asked you to take.

### **5.4. DISCONTINUANCE OF USE OF MARKS**

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing the Avanti Body Business signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, in our sole discretion. You acknowledge both our right to take this action and your obligation to comply with our directions.

## 5.5. COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS

You acknowledge and agree that:

(i) all right, title and interest in and to all materials, including, but not limited to, all artwork and designs created by us and used with the Marks or in association with the Avanti Body Business (“Copyrighted Works”) are our property. Additionally, all Copyrighted Works created by you or any other person or entity retained or employed by you are works made-for-hire within the meaning of the United States Copyright Act and are our property, and we shall be entitled to use and license others to use such Copyrighted Works unencumbered by moral rights. To the extent the Copyrighted Works are not works made-for-hire or rights in the Copyrighted Works do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Works which you and the author of such Copyrighted Works warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Copyrighted Works from another person or entity necessary to ensure our right in the Copyrighted Works as required in this Section.

(ii) you shall not dispute, contest or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Works or our ownership of the Copyrighted Works, nor counsel, procure or assist anyone else to do the same, nor will you take any action that is inconsistent with our ownership of the Copyrighted Works, nor will you represent that you have any right, title or interest in the Copyrighted Works other than those expressly granted by this Agreement.

(iii) we may, in our sole and absolute discretion, apply to register or register any copyrights with respect to the products and services associated with the System and the Copyrighted Works. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Agreement. You shall not, before or after termination or expiration of the Agreement, register or apply to register any Copyrighted Works anywhere in the world.

(iv) upon our request, you shall cooperate fully, both before and after termination or expiration of this Agreement and at our expense, in confirming, perfecting, preserving and enforcing our rights in the Copyrighted Works, including, but not limited to, executing and delivering to us such documents as we reasonably request for any such purpose, including, but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the products and services associated with the System. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

(v) we make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Copyrighted Works.

(vi) you agree that, during the Term of the franchise relationship, or any Interim Period or successor term, if you conceive or develop any improvements or additions to the System, Copyrighted Works, System website or any other documents or information pertaining to or relating to the System or the Avanti Body Business, or any new trade names, trade and service marks, logos or commercial symbols related to the Avanti Body Business or any advertising and promotional ideas or inventions related to the Avanti Body Business (collectively, the “Improvements”), any such Improvements shall become our property. You agree to assign to us all right, title and interest in and to the Improvements, including the right to grant sublicenses to

any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Avanti Body franchisees without any obligation to you for Royalty Fees or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you is our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made-for-hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Works are not works made-for-hire or rights in the Copyrighted Works do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Works, which you and the author of such Copyrighted Works warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

## **6. CONFIDENTIAL INFORMATION**

### **6.1. AVANTI BODY FRANCHISING CONFIDENTIAL INFORMATION**

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (“Confidential Information”), relating to developing and operating Avanti Body Business, including (without limitation):

- (1) training materials and our Operations Manual;
- (2) methods, formats, specifications, technical procedures, formulas, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Avanti Body Businesses;
- (3) marketing and advertising programs;
- (4) knowledge of, specifications for and suppliers of Operating Assets and other products and supplies;
- (5) any computer software or similar technology which is proprietary to us or the franchise System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (6) knowledge of the day-to-day activities of your Avanti Body Business and financial performance of the same; and
- (7) all customer data, lists and other information generated by Avanti Body Businesses.

Confidential Information does not include information, knowledge or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time that we disclosed it to you, already had lawfully become generally known in the red light therapy or health and wellness and similar services industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally

known in the red light therapy or health and wellness and similar services industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques or materials relating to an Avanti Body Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing an assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

We will disclose parts of the Confidential Information to you as we deem necessary or advisable for you to develop your Avanti Body Business during training and in guidance and assistance furnished to you under this Agreement, and you may learn or obtain from us additional Confidential Information during the term of this Agreement. The Confidential Information is a valuable asset of ours, and is disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence. Nothing in this Agreement will be construed to prohibit you from using the Confidential Information in the operation of other Avanti Body Franchises during the term of this Agreement. You or your Managing Owner and any Designated Manager must sign a written agreement (“System Protection Agreement”) to maintain our Confidential Information described in Sections 6 and 15, and to abide by the covenants not to compete described in Section 15 (a copy of the form is attached as an exhibit to our Franchise Disclosure Document and may be contained and updated in the Operations Manual). All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement) (a copy of the form is attached as an exhibit to our Franchise Disclosure Document and may be contained and updated in the Operations Manual). You are solely liable to ensure their compliance and must provide us a copy of any such signed agreements within twenty four (24) hours of our request.

## **6.2. RESTRICTIONS ON CONFIDENTIAL DATA**

You acknowledge and agree that you will not acquire any interest in Confidential Information other than the right to use it as we specify in operating the Avanti Body Business during this Agreement’s Term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement’s Term and then thereafter for as long as the item is not generally known in the red-light therapy or health and wellness and similar services industry;
- (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Avanti Body Business personnel and others, and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You agree to provide us with information that we may reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any

loss of data, including, but not limited to, customer information, resulting from a breach of such data caused in whole or in part by your acts or negligence.

Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

## **7. EXCLUSIVE RELATIONSHIP**

You acknowledge that we have granted you the right to operate the Avanti Body Business in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you, any of your owners, nor any of your or your owners' spouses or other immediate family members will:

- (1) have any direct or indirect controlling or non-controlling interest as an owner, whether of record, beneficially, or otherwise, in a Competitive Business, wherever located or operating (except that equity ownership of five percent (5%) or less of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or client of the Avanti Body Business (or one of our affiliates or franchisees) to a Competitive Business; or
- (4) engage in any other activity which may injure the goodwill of the Marks and System.

The term "Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Protected Area (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Protected Area (including, but not limited to, the services we authorize) provided that an Avanti Body Business operated under a franchise agreement with us is not a Competitive Business.

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

## **8. SYSTEM STANDARDS**

### **8.1. CONDITION AND APPEARANCE OF THE AVANTI BODY BUSINESS**

You agree that:

- (1) you will maintain and refurbish the condition and appearance of the Avanti Body Business, the Approved Business Location, its Operating Assets, and the Equipment in accordance with System Standards and consistent with the image of an Avanti Body Business as an efficiently operated business offering high quality products and services and observing the highest standards

of cleanliness, sanitation, efficient, courteous service, and in that connection will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repainting and repairing of the interior and exterior of the Approved Business Location at intervals we prescribe; and (b) repair or replacement of damaged, worn out or obsolete Operating Assets or Equipment;

(2) you will place or display at your Approved Business Location and on the Equipment only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Approved Business Location or Equipment of the Avanti Body Business or its fixtures, furnishings or signs does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency; and

(4) at our request, you will periodically improve and modify the Avanti Body Business, the Equipment and the Approved Business Location to conform to the then-current System Standards.

## **8.2. SPECIFICATIONS, STANDARDS AND PROCEDURES**

You agree that: (i) the Avanti Body Business will offer the products and services that we specify from time to time or as otherwise designate in our Operations Manual; (ii) the Avanti Body Business will offer and sell approved products and services only in the manner we have prescribed; (iii) you will not offer for sale or sell through the Avanti Body Business any products or services we have not approved; and (iv) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove. We will notify you of such changes in writing.

## **8.3. CLIENT INFORMATION**

We may contact any client of any Avanti Body Business at any time for any purpose. If we are contacted by a client or other patron of the Avanti Body Business who wishes to lodge a complaint, we reserve the right to address the person's complaints in order to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to a dissatisfied customer, in which case you must reimburse us for these amounts. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all client lists and documents and records related thereto. All data that you collect, create, provide or otherwise develop, including, but not limited to, customer information, is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Upon reasonable request, you must furnish to us in whatever format we require, all client information and records for the Avanti Body Business, both active and inactive, which shall include, but not be limited to, names, addresses and telephone numbers of such clients (hereinafter collectively referred to as "Client Lists"). You acknowledge and agree that we are the sole owner of the Client Lists and that you shall not use the Client Lists for any purpose other than for the operation of the Avanti Body Business or distribute, in any form or manner, the Client Lists to any third party without our prior written consent.

## **8.4. APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS**

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, Equipment, other products, materials and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may designate ourselves as the approved distributor or supplier, or we may designate a single distributor or supplier for any product, service, Equipment, supply or material, and may approve a supplier or distributor only as to certain products, including your computer system. The designated supplier may be us or an affiliate of ours. You must allow us unlimited access to data collected by the computer system.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our franchisees).

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor (alternatively, the proposed supplier or distributor may submit its own request), along with any information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product to you or the vendor/supplier but such cost shall not exceed \$500 per evaluation. The supplier may be required to sign a supplier agreement with us. We have the right to inspect the proposed supplier's or distributor's facilities and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval, upon written notice, if the supplier or distributor does not continue to meet any of our criteria. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

## **8.5. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES**

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Avanti Body Business and must at all times operate the Avanti Body Business in full compliance with all applicable laws, ordinances and regulations (including, without limitation, government regulations relating to truth-in-lending, Department of Transportation regulations, safety and sanitation, truth in advertising, OSHA, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). You must withhold and pay all applicable federal and state taxes, social security taxes, and sales, use and service taxes. Certain states tax the services differently. Some states do not tax the services at all, while some make a distinction between commercial and residential jobs. It is your responsibility to review your state's tax policy to ensure compliance.

The Avanti Body Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Avanti Body Franchises. You must notify us in writing within five days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Avanti Body Business and of any notice of violation of any law, ordinance or regulation relating to the Avanti Body Business. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining to Privacy Laws.

If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent as to said policy.

## **8.6. MANAGEMENT OF THE AVANTI BODY BUSINESS**

Subject to the terms of this Section, the Avanti Body Business shall be managed by you, or if you are an Entity, by the Managing Owner. You (or the Managing Owner if you are an Entity) agree to work full time to supervise the day-to-day operations of the Avanti Body Business and continuously exert your best efforts to promote and enhance the Avanti Body Business. At your request, we may, in our sole discretion, but are not obligated to, agree for you to employ a Designated Manager (other than you or the Managing Owner) to operate the Franchise (“Designated Manager”). The term “Designated Manager” means an individual with primary day-to-day responsibility for the Avanti Body Business’s operations, and may or may not be you (if you are an individual) or a principal owner, officer, director, or employee of yours (if you are other than an individual). The Designated Manager shall have similar responsibilities as a Managing Owner. You must deliver to us a completed Attachment B accurately identifying the Designated Manager. The Designated Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Avanti Body Business’s operations and must have full authority from you to implement the System at the Avanti Body Business. Each Designated Manager and successor Designated Manager must attend and complete our Initial Training Program (as detailed in Section 4.1 of this Agreement). Each Designated Manager, and if you are an Entity, any officer that does not own equity in the franchisee Entity, must sign the System Protection Agreement, the current form of which is attached to the Franchise Disclosure Document, to maintain our Confidential Information and to abide by the covenants not to compete. You must forward to us a copy of each such signed System Protection Agreement. If we determine, in our sole discretion, during or following completion of the initial training program, that your Designated Manager (if any) is not qualified to act as Designated Manager of the Avanti Body Business, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

If a Designated Manager’s employment with you is terminated, and your Managing Owner will not manage your Avanti Body Business, you must appoint a new Designated Manager who must successfully complete our Initial Training Program within 2 weeks of their hire date. If we do not have an Initial Training scheduled, we may designate a trainer to specifically train your newly appointed Designated Manager. You may be charged a training fee for a replacement Designated Manager or Managing Owner dependent upon the where such event falls in the currently scheduled training. The factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement Designated Manager or Managing Owner’s previous experience and skill, and our availability. You are responsible for all wages, travel, lodging, meals, and living expenses for any attendees of the Initial Training Program. If your Designated Manager ends his/her employment relationship with you, or you replace a Designated Manager for any reason, you will be required to manage the Avanti Body Business on a full-time equivalent basis until a new Designated Manager is hired and has satisfactorily completed our Initial Training Program.

## **8.7. INSURANCE**

During the term of this Agreement, you must maintain in force at your sole expense comprehensive commercial general liability, product liability, and property insurance and other types of insurance we require. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with the Avanti Body Business operation or activities of your personnel in the course of their employment. All of these policies must contain the minimum coverage we

prescribe from time to time in our Operations Manual, and must have deductibles not to exceed the amounts we specify. If your state requires higher coverages than we prescribe, you will be required to obtain insurance that satisfies your state law requirements. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances as provided in our Operations Manual, as may be amended from time to time. These insurance policies must be purchased from an insurance company satisfactory to us and must, with the exception of employment liability and workers' compensation insurance policies, name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of any intent by the insurer to reduce coverage or policy limits, cancel or amend the policy. The insurance company must be authorized to do business in the state where your Avanti Body Business is located, and must be approved by us. It must also be rated "A-VIII" (excellent) or better by A.M. Best & Company, Inc. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We may also request copies of all insurance policies which shall include but not limited to the following:

- (a) commercial general liability insurance ( for example \$1,000,000 per occurrence and \$2,000,000 aggregate including additional insured endorsement naming Avanti Body Franchising, LLC. This policy will include Fire Legal of \$300,000, Medical Payments of \$5,000, Personal Injury and Advertising Liability of \$1,000,000;
- (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance for the replacement value of your Avanti Body Business and its contents with a minimum of six months of business interruption coverage;
- (c) commercial auto liability insurance covering owned, borrowed, hired and non-owned autos;
- (d) statutory workers' compensation/employer's liability insurance;
- (e) Business interruption insurance equal to 12 months of your net income and continuing expenses including royalty fees;
- (f) Employment Practices Liability including third party claims for \$1,000,000 and naming Avanti Body Franchising, LLC as Co-defendant. Limits applies per policy such other insurance policies as we may determine from time to time.

We may or pursuant to your signed lease agreement your landlord may require additional insurance coverage. If additional coverage if required, may request or notify you of the same by updating our operational manual. You agree not to permit any third-party subcontractor to perform any work or offer services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as you are required to maintain under this Agreement, and such insurance names us as an additional insured, or otherwise has the required insurance coverage through your insurance policies. You agree to maintain evidence of such insurance by your subcontractors and to provide such proof of insurance as we have the right to require from time to time. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, including, without limitation, termination, we may (but need not) obtain such insurance for you and the Avanti Body Business on your behalf, in which event you shall cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus an administrative fee of twenty percent (20%) for our time incurred in obtaining such insurance.

## **8.8. PRICING**

We may, from time to time, make suggestions to you with regard to your pricing policies in compliance with applicable laws. We retain the right to establish minimum and maximum prices to be charged by you, subject to applicable laws, but any exercise of that right will be specifically set forth in writing.

## **8.9. COMPLIANCE WITH SYSTEM STANDARDS**

You acknowledge and agree that operating and maintaining the Avanti Body Business according to System Standards is essential to preserving the goodwill of the Marks and all AVANTI BODY Franchises. You agree, at all times, to operate and maintain the Avanti Body Business according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or your best interests. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Avanti Body Business and implementing and maintaining System Standards at the Avanti Body Business.

System Standards may regulate any one or more of the following, in addition to the items described in this Sections. Our right to do so is provided without limitation or waiver of any other rights we have.:

- (1) amounts and types of Equipment and inventory requirements for products and supplies so that the Avanti Body Business may operate at full capacity;
- (2) terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers; and our affiliates' right not to sell you any products or to provide you with services, or to do so only on a "cash-on-delivery" or other basis, if you are in default under any agreement with us;
- (3) sales, marketing, advertising and promotional programs and materials and media used in these programs;
- (4) use and display of the Marks at the Avanti Body Business and on labels, forms, paper, products, and other supplies;
- (5) identifying the Avanti Body Business personnel, qualifications, training, dress and appearance);
- (6) days and hours of operation;
- (7) participation in market research and testing and/or product and service development;
- (8) participation in, and dues assessed for, advisory councils and other such programs;
- (9) accepting credit and debit cards, other payment systems, gift cards and loyalty cards, credit and check verification services and compliance programs and systems relating to the same or as we may designate from time to time. You agree to maintain relationships with credit and debit card issuers or sponsors we may periodically designate, including companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"), and you agree to make sure that you are in compliance with all laws that are applicable to the technology used in the operation of your Avanti Body Business, including all data protection or security laws, as well as compliance with the then-current Payment Card Industry Data Security Standards or similar standards that we may reasonably specify;
- (10) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports of sales, revenue, financial performance, and condition;

and providing copies of tax returns and other operating and financial information concerning the Avanti Body Business;

(11) any other aspects of operating and maintaining the Avanti Body Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and AVANTI BODY Franchises;

(12) you must obtain a license for music played in your approved location and must be able to supply evidence of this license at our request.

You agree that System Standards we prescribe in the Operations Manual or otherwise communicate to you in writing or another tangible form (for example, via a franchise System extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

#### **8.10. MODIFICATION OF SYSTEM STANDARDS**

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Avanti Body Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve adding new products and services, or otherwise modifying the nature of your operations as if they were part of this Agreement as of the Effective Date.

8.10.1 Consistent with the foregoing, among other things, we reserve the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. As otherwise permitted in this Agreement, we may access the Computer System and retrieve all pertinent information relating to the operation of the Avanti Body business in areas that we have the ability to control and/or remedy.

8.10.2 Notwithstanding the fact that you must purchase, use, and maintain the Computer System consistent with our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although we may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

8.10.3 All of your Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

#### **8.11. MYSTERY SHOPPER PROGRAM**

To ensure uniformity and compliance with the System Standards, we may utilize mystery shoppers. We may, but are not obligated to, share the results of the mystery shopper with you. You will not be charged for any mystery shoppers that we send to your Avanti Body Business unless it is done at your request.

## **8.12. CONTINUOUS OPERATION OF BUSINESS**

You acknowledge and agree that if your Avanti Body Business is closed or otherwise not operational for a period of five consecutive days or more, not including state recognized holidays or weather-related closures, without our prior written consent, the closure or failure to operate will constitute your voluntary abandonment of the Avanti Body Business, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of God, war, strikes, riots, or other statewide events preventing you temporarily from complying with the foregoing will suspend compliance therewith for the duration of the interference. The party claiming excuse due to a listed interference shall use its commercially reasonable efforts to promptly correct such failure or delay in performance and shall promptly notify the other party to this Agreement of any delay or failure to perform which may be excused by this provision, which notification will also specify the expected date of resumption of performance. Parties expressly acknowledge and agree that excuse of any performance due to listed interference shall not excuse you from your obligation to pay us any amounts owed and due to us in accordance with the terms of this Agreement.

## **8.13 CUSTOMER COMPLAINTS**

You agree to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Franchisor. If you are unable or unwilling to resolve a customer complaint within forty-eight (48) hours we may, in our sole discretion, remedy any issues with customers of your Avanti Body Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such costs, payable upon demand, if a customer of your Avanti Body Business contacts us with a complaint and we provide a gift card, refund, other value to the customer, or the full value of the services performed by another franchisee or contracting company to repair or redo services performed by you as part of our addressing the issue. You must reimburse us for all costs incurred by us and responding to such customer complaint. This also applies to any warranty work that we or another franchisee may perform in your Protected Area at our discretion.

## **8.14 CALL CENTER**

We have established a call/contact center which will assist you with answering inbound calls and outbound calls for your Avanti Body business. We have the right to add additional, remove, or modify the current contact/call centers for each location and upon our implementation, you shall only use the designated center/contact appointed to you. The call center will assist with a variety of calls such as appointment scheduling and confirmation as well as answering inbound calls if you are unable to do so. You will pay our then-current cost per call which can vary due to the type of call made or accepted. Payment will be collected by us by the 5<sup>th</sup> of each month.

# **9. MARKETING**

## **9.1. BRAND DEVELOPMENT FEE**

Recognizing the value of advertising and marketing to the goodwill and public image of an Avanti Body Business, we have established a national advertising and Brand Development Fee (“Brand Development Fee”) for the advertising, marketing, and public relations programs and materials we deem appropriate. You must contribute 1% , of your Gross Revenue to the Brand Development Fee beginning from the effective date of this Agreement (“Brand Development Fee Contribution”). You will pay the Brand Development Fee Contribution on the same timing and manner as the Royalty Fee is paid. We retain the right to increase your contribution up to 3% with 30 days’ notice to you.

Your contribution to the Brand Development Fee will be in addition to all other advertising requirements set out in this Article 9 and otherwise in this Agreement. Each franchisee will be required to contribute to the Brand Development Fee, but certain franchisees may contribute on a different basis depending on when they signed their franchise agreement. We anticipate that the outlets owned by us or

our affiliates will contribute to the Brand Development Fund on the same basis as a franchisee; however, we are not required to do so.

The Brand Development Fee will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Development Fee will be held in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Development Fee will be utilized. We may use the Brand Development Fee for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, development of technology for the System, and any other purpose to promote the Avanti Body brand. We may use any media for disseminating Brand Development Fee advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Development Fee for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Development Fee. We do not guarantee that advertising expenditures from the Brand Development Fee will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Development Fee Contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Development Fee or to maintain, direct or administer the Brand Development Fee. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Development Fee on any terms we deem reasonable.

The Brand Development Fee is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Development Fee that shows how the Brand Development Fee proceeds have been spent for the previous year.

## 9.2. ADVERTISING

9.2.1 Local Advertising. You shall continuously promote the Avanti Body Business. You must spend the greater of \$500 per month or 3% of gross revenue on local advertising for your Avanti Body Business ("Local Advertising"). Local advertising will include community outreach that may include advertising, networking meetings, events and other community based partnerships. All amounts for such local advertising shall be paid directly to a designated or approved third-party supplier. All local advertising and promotion, including any Internet promotions authorized by us, shall be conducted in a dignified manner, conform to System Standards as we may establish in the Operations Manual or otherwise in writing, and not be used without our prior approval. Within 30 days from your fiscal year end, you must provide us with a proof of your spend and if you have not spent the minimum amount per month on Local Advertising, the difference must be paid into the Brand Development Fee as an additional contribution.

9.2.2 Digital Advertising and Management. You shall continuously promote your Avanti Body Business and the goodwill of the Marks. You must pay us or an approved third-party vendor the digital advertising management fee in the amount of \$1,050 per month ("Digital Advertising Management Fee") for management services of an approved marketing agency. We reserve the right to increase this fee upon thirty days' written notice to you or delegate management of your Franchised Business digital marketing to an third party approved supplier in our sole discretion. The Digital Advertising Management Fee is the fee to manage the digital marketing agency which creates digital advertising, provides KPI's, manage budgets, and other content as we may designate.

9.2.2.1 On-Going Digital Advertising. In addition, you must spend a minimum \$3,050 to \$6,050 per month for social media and digital advertising through the Term of your Agreement (“Digital Advertising”). All amounts due for such Digital Advertising shall be paid directly to us or to the third party supplier via agreed upon payment method. Depending upon the vendor chosen, there may be additional on-boarding costs associated with such digital advertising. You are solely responsible for all costs and payments to the third-party vendor associated with Digital Advertising. We reserve the right to change any Digital Advertising content or amount spent at our sole discretion. All digital ads must be approved by us or be sourced from the approved Avanti Body digital ad library.

9.2.3 Printing. Prior to your opening, you must spend the required minimum amount, which is currently estimated as \$800 to \$1,500, which may increase as we designate from time to time, for print advertisement and stationary needs for your Avanti Body Business. Print materials may include business cards, gift cards, fliers, grand opening invitations and/or brochures among other items. You shall submit to us all advertising and promotional materials to be used by you subject to our approval per this Article 9. We reserve the right to change any Printing advertising content or amount spent at our sole discretion.

9.2.4 Pre-Opening Digital Advertising. Up to 60 days prior to opening your Avanti Body Business, you are required to spend minimum \$3,050 to \$6,050 in digital advertising during your pre-opening launch and through the initial opening period of your Avanti Body Business. You may spend additional amounts with our approval. Should the duration of your pre-opening exceed our standard pre-opening timeline, we retain the right to require you to spend additional amounts. Depending upon the vendor chosen, there may be additional on-boarding costs associated with this advertising. Depending upon the vendor chosen, there may be additional on-boarding costs associated with such digital advertising. You are solely responsible for all costs and payments to the third-party vendor associated with Digital Advertising

9.2.5 Advertising Approval. You shall submit to us for approval samples of all advertising and promotional plans and materials prior to their use. We will notify you of whether or not the advertising is approved within 30 days of receiving the advertisement or marketing material from you. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. We also shall have the right at any time after you commence use of such material to prohibit further use, effective immediately upon receipt of written notice to you. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Avanti Body Business, those items or services must be counted in your Gross Revenue, and will be subject to Royalty Fees.

You may not advertise via the Internet unless we have authorized you to do so in writing. We may allow you to market your Avanti Body Business through social media sites so long as you follow our online policies and procedures, which are contained in the Operations Manual. Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we retain the sole right to market on the Internet, including all use of websites, domain names, advertising and co-branding arrangements. We will not allow you to independently market on the Internet or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks without our written approval. We require you to allow us access to your social media pages to manage content and assign all rights including any user name and passwords; this provision shall survive upon expiration or termination of your Agreement. In all social media activities, you must identify yourself as an independently-owned and operated franchisee. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing as we may request from time to time. We retain the right to approve or disapprove any linking or other use of our website in our sole discretion.

If you violate the provisions of this Section, in addition to all other remedies available to us, you shall pay a fee of \$500 (“Unauthorized Advertising Fee”) per occurrence to the Brand Development Fee to offset the brand damage caused by your breach.

### **9.3. GRAND OPENING PROGRAM**

You must execute a grand opening marketing and advertising program (“Grand Opening Program”). The Grand Opening Program at your Franchised Business must be conducted within 30 days of opening. Grand Opening Program should include attendees from the local community including organizations such as the Chamber of Commerce, Rotary and business networking groups. Local officials and media should also be invited to attend your center’s Grand Opening Program. You may also promote the opening of your business locally through print, billboards, charity donations and other media. Grand Opening expenditures could include food, beverage, decoration and photography. Advertising items such as brochures, business cards, invoices and stationary may be included in the Grand Opening Program. The estimated expense for this event will range from \$1,500 to \$3,500.

The Grand Opening Program must comply with our standards and specifications, as set forth in the Operations Manual, and you must use advertising, marketing media and materials that we approve in writing. We agree to furnish you with such advice and guidance as we deem appropriate with respect to your Grand Opening Program.

9.3.1 Promotions. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Avanti Body Businesses under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Avanti Body Business, and you will not issue coupons or discounts of any type except as approved by us.

### **9.4. FRANCHISE SYSTEM WEBSITE**

We have established a website to advertise, market and promote the Avanti Body Businesses and the products and services that an Avanti Body Business offer and sell (“System Website”). You will be required to provide any information that we request from time to time concerning your Avanti Body Business for inclusion on the System Website. We may in our sole discretion design and establish or use a designated third-party provider to design and establish a Local Page for your Avanti Body Business. By providing the information to us, you will be representing to us that it is accurate and does not infringe any third party’s rights. We will own all intellectual property and other rights in the System Website and the Local Page, all information contained on it, and all information generated from it (including the domain name or URL, the log of “hits” by visitors, and any personal or business data that visitors supply).

We may periodically update and modify the System Website. You must promptly notify us whenever any information on your listing changes or is not accurate. You acknowledge that we have final approval rights over all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

9.4.1 Local Page. The System Website may include a zip code locator and/or a link to a landing page on our Avanti Body Business website that is designated for you (your “Local Page”). Your Local Page will include information relating to your specific business site and select content that we provide from our System Website. We will design and establish your Local Page or use an independent third-party supplier to design your Local Page at our discretion. You may not develop, establish or maintain any other website or engage in any other electronic marketing of products or services. We reserve the right to change the requirements relating to your Local Page at any time. Any information or content that you wish to include on your Local Page shall be subject to our approval and we will post only those items approved by us. If you are in default of any obligation under this Agreement or the System Standards, then we may, in addition

to our other remedies, temporarily remove references to the Avanti Body Business from the Local Page and/or remove your Local Page until you fully cure the default. We may, at our option, discontinue any or all Local Pages at any time.

Nothing in this Section shall limit our right to maintain websites other than the Local Page.

### **9.5. ADVISORY COUNCIL**

We currently do not have, but may establish, an Avanti Body business franchise advisory council (“FAC”) that will serve in an advisory capacity only with respect to a variety of issues. The FAC will be governed by by-laws. The purpose of the FAC is to provide input regarding the Brand Development Fee and to promote communications between us and all Avanti Body Businesses. We will have the power to form, change, or dissolve the FAC, in our sole discretion.

### **10. REPORTS**

You must provide to us, at your own expense, timely financial statements in a form acceptable to us, as specified in the Operations Manual. You agree to comply with all reporting requirements that we prescribe in the Operations Manual.

. You agree to submit, based on the frequency we designate and/or when requested, any documents required in the Operations Manual to properly record all transactions affecting the Avanti Body Business financial activity.

Failure to submit any Avanti Body Business-related item when required pursuant to this Section, we shall have the right to terminate the Agreement as detailed in Section 14.2.

You agree to give us reports in the manner and format that we prescribe in the Operations Manual from time to time:

(1) On the 5th day of each month, all profit and loss and source and use of funds statements and a balance sheet for the Avanti Body Business as of the end of the prior calendar month;

(2) within 30 days after the filing of your tax return each year, a copy of the tax return for the Avanti Body Business for the previous calendar year, unless you have filed an extension and received approval from us for an extension; and

(3) any other data, information, and supporting records reasonably requested by us from time to time (including, without limitation, daily and weekly reports of product sales by category).

An officer must certify and sign each report and financial statement in the manner we prescribe. We may disclose or use the data derived from these reports, your year-end reports, and any other financial statements from the operation of your Avanti Body Business, for any purpose we deem appropriate.. If we choose to utilize your Avanti Body Business’s financial statements for disclosure in our Franchise Disclosure Document, we may be required to disclose identifying information about your Avanti Body Business in such disclosure.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at the Avanti Body Business for at least ten years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash Revenue and disbursement journals, and general ledgers). If there is a discrepancy in any financial statement or information that you present to us, we may require you to have audited financial statements prepared annually during the term of this Agreement at your expense. If you fail to submit a report by the due date specified in this Agreement or the Operations Manual, you will be fined \$100 for each occurrence and \$100

each week until such report is submitted. All fines shall be paid to the Brand Development Fee, which will be debited from your account within five days of the request for the report.

## **11. INSPECTIONS AND AUDITS**

### **11.1. INSPECTIONS**

To determine whether you and the Avanti Body Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (i) inspect the Avanti Body Business, the Approved Business Location, and any Equipment; (ii) observe, photograph, or videotape the Avanti Body Business, and any Equipment, and operation thereof for consecutive or intermittent periods we deem necessary; (iii) remove samples of any products and supplies; (iv) interview the Avanti Body Business personnel and clients; (v) perform mystery shops of your Avanti Body Business; (vi) inspect and copy any books, records and documents relating to Avanti Body Business or Franchise operation, and (vii) we may also contact suppliers and obtain information about your purchases and the status of your account. Upon termination or expiration, we can stop access to our proprietary products from any supplier or distributor. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Avanti Body Business's operation.

### **11.2. AUDITS**

We may at any time during your business hours, and without prior notice to you, examine your Avanti Body Business bookkeeping and accounting records, sales and income tax returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination reveals an understatement of monthly Gross Revenue exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to pay us, within ten days after billing, the Royalty Fee and Brand Development Fee Contributions due on the amount of the understatement, as well as reimburse us for the costs of the audit and inspection, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees, plus a late fee of \$25 per day and one and one-half percent (1.5%) interest or the maximum rate allowed by law per month on the understated amounts from the date originally due until the date of payment. These remedies are in addition to any other remedies and rights under this Agreement and applicable law.

## **12. TRANSFERS**

### **12.1. TRANSFER BY US**

You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

### **12.2. TRANSFERS BY YOU**

You acknowledge and agree that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the Avanti Body Business in reliance upon our perceptions of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Avanti Body Business (or any right to receive all or a portion of the Avanti Body Business profits or losses or capital appreciation related to the Avanti Body Business); (iii) substantially all of the assets of the Avanti Body Business; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the Avanti Body Business ownership, possession or control,

or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, “**Transfer**” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). “**Transfer**” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.. An assignment, sale, gift or other disposition includes the following events:

- (1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (2) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (3) any sale of a security convertible to an ownership interest;
- (4) transfer of an interest in you, this Agreement, the Avanti Body Business or substantially all of its assets, or in your owners in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law; or
- (5) if one of your owners or an owner of one of your owners dies; a transfer of an interest in you or your owner by will, declaration of or transfer in trust; or under the laws of intestate succession.

Additionally, you may not pledge this Agreement (to someone other than us), or an ownership interest in you or your owners as security for any loan or other financing, unless: (i) we grant our prior written consent and, unless we agree otherwise in writing (ii) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

### **12.3. CONDITIONS FOR APPROVAL OF TRANSFER**

If you (and your owners) are in full compliance with this Agreement, then, subject to provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then-applicable standards for Avanti Body Business owners (including no ownership interest in or performance of services for a Competitive Business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

- (i) the transferee has sufficient business experience, aptitude and financial resources to operate the Avanti Body Business as demonstrated by the application and tax returns or other such proof as we may require;
- (ii) you have paid all Royalty Fees, Brand Development Fee Contributions and other amounts owed to us, our affiliates and third-party vendors;
- (iii) you have submitted all required reports and statements;
- (iv) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(v) the transferee (or its Managing Owner, or, if applicable, its Designated Manager) satisfactorily completes our training program. You or the transferee must pay us our then-current training fee;

(vi) the transferee agrees to upgrade, remodel and refurbish the Avanti Body Business in accordance with our current requirements and specifications for the Avanti Body Business within 45 days after the effective date of the transfer and to deposit with us the estimated cost to complete the upgrade or remodel (we will advise the transferee before the effective date of the transfer of the specific actions that it must take within this time period);

(vii) the transferee shall sign our then-current form of franchise agreement, Owners Agreement, and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(viii) you or the transferee pays us a transfer fee ("Transfer Fee") in the amount of \$10,000 plus the costs and fees associated with training. The Transfer Fee shall be paid as follows: you will be required to deposit a nonrefundable down payment of \$1,000 at the time the transfer application is submitted and pay, in readily available funds, the remaining balance of the Transfer Fee at the time the transfer is approved;

(ix) you and your transferring owners sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, attorneys and agents;

(x) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Avanti Body Business;

(xi) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Avanti Body Business are subordinate to the transferee's obligation to pay Royalty Fees and Brand Development Fee Contributions and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;

(xii) you and your transferring owners (and spouses and other immediate family members) will not, for two years beginning on the transfer's effective date, engage in any of the activities prescribed in Section 15.6 below;

(xiii) you and your transferring owners will not, directly or indirectly, at any time or in any manner (except with respect to other Avanti Body Franchises you own and operate) identify yourself or themselves or any business as a current or former Avanti Body Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of an Avanti Body Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us;

(xiv) you have not violated any provision of this Agreement, the lease, if any, or any other agreement with us during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer; and

(xv) you must reimburse us for our costs of transfer, including any broker commissions, finder's fees, or other similar charges we incur related to any transfer, including those incurred for any transfer that is not completed.

We will review all information regarding the Avanti Body Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given to us or we have made regarding the Avanti Body Business.

## **12.4. TRANSFER TO A WHOLLY OWNED CORPORATION OR LIMITED LIABILITY COMPANY.**

Notwithstanding Section 12.3 above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Avanti Body Business and, if applicable, other Avanti Body businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided that all of the Avanti Body Business assets are owned and the Avanti Body Business is conducted only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12.3 above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur. If you transfer pursuant to the terms of this Section 12.4, you will shall pay a Transfer Fee in the amount of \$1,000, and will be required to reimburse us for any legal expenses that we incur related to such transfer.

## **12.5. YOUR DEATH OR DISABILITY**

12.5.1 Transfer upon Death or Disability. Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian or other personal representative must apply to us for the right to transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees) within a reasonable time not to exceed 120 calendar days of your or your Managing Owner's death or disability. That transfer must be completed within a reasonable time, not to exceed 180 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer your interest in this Agreement or the Managing Owner's ownership interest in you within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or does prevent you or the Managing Owner from supervising the management and operation of the Avanti Body Business.

12.5.2 Operation upon Death or Disability or Default. If, upon your or the Managing Owner's death or disability, a manager approved by us is not managing the Avanti Body Business, you or the Managing Owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed 15 days from the date of death or disability, appoint a manager. The manager must complete our Initial Training Program at your expense within 30 days from the date of death or disability, unless we do not hold an Initial Training Program during that 30-day period, in which case the manager must attend and successfully complete the first available Initial Training Program held by us. If you are an Entity, a new Managing Owner acceptable to us also must be appointed for the Avanti Body Business within 30 days of the date of the death or disability. If, in our judgment, the Avanti Body Business is not being managed properly any time after your or the Managing Owner's death or disability, or at any time that you are in default of the Agreement, we may, but need not, exercise our Step-In Rights and appoint an Interim Manager, in which case, you, your Managing Owner, or the executor, administrator, personal representative, trustee or heirs of such person (in the event of a death or incapacity), must fully cooperate with us and pay all fees to us or our designee in accordance with Section 14.3 of this Franchise Agreement.

## **12.6. EFFECT OF CONSENT TO TRANSFER**

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

## 12.7. OUR RIGHT OF FIRST REFUSAL

If you or any of your owners at any time determine to sell or transfer an interest in this Agreement and the Avanti Body Business, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 12.2 and 12.3 above, you or your owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the Avanti Body Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price to be determined by us at the time the offer is made.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.2 and 12.3 above. We may require you or your owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and we have received to our satisfaction all other information we request concerning the offer and the proposed purchaser, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and
- (4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 12.2 and 12.3 above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to provide such change to us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

## 13. SUCCESSOR TERM

### 13.1. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE

Prior to the expiration of this Agreement, you will have the option to acquire up to two additional successive five-year renewal terms (each additional term is a “Successor Franchise”). The qualifications and conditions for the successor term are described below.

(i) you and each of your owners must have substantially complied with this Agreement during its Term, which includes satisfying all monetary obligations to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise;

(ii) you and each of your owners (if you are an Entity) are, both on the date you give us written notice of your election to acquire a Successor Franchise (as provided in Section 13.2 below) and on the date on which the term of the Successor Franchise would commence, remain in full compliance with this Agreement, all System Standards, and any other agreement between you and us;

(iii) you (or your Designated Manager) must satisfactorily complete any new training and refresher programs we may reasonably require;

(iv) you must otherwise modify the Avanti Body Business as we require to comply with System Standards for then-applicable new Avanti Body Businesses which may include replacement of outdated Equipment or the addition or improvement of Operating Assets;

(v) subject to state law, you must execute a general release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates and our respective shareholders, directors, employees, attorneys and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within 30 days after it is delivered to you to be an election not to acquire a Successor Franchise;

(vi) you must execute the then-current form of franchise agreement which may contain materially different terms than your current Franchise Agreement (“Successor Franchise Agreement”) as well as all other agreements, legal instruments and documents then customarily used by us in the renewal of our franchises. We have the right to refuse to renew the license granted under this Agreement if we have given you written notice three or more times for failure to comply with the terms of this Agreement, whether or not such failure is subsequently cured. At the time you sign the Successor Franchise Agreement, you will pay a renewal fee of \$5,000..

If you and each of your owners (if an Entity) are not in full compliance with this Agreement, all System Standards, and any other agreement between you and us, you acknowledge that we need not grant you a Successor Franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 14.2.

### 13.2. GRANT OF A SUCCESSOR FRANCHISE

You agree to give us written notice (“Your Notice”) of your election to acquire a Successor Franchise no more than 12 months and not less than six months before this Agreement expires. We agree to give you written notice (“Our Notice”), not more than six months after we receive your notice, of our decision:

(i) to grant you a Successor Franchise;

(ii) to grant you a Successor Franchise on the condition that you correct existing deficiencies of the Avanti Body Business or in your operation of the Avanti Body Business;

(iii) not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a Successor Franchise; or

(iv) not to grant you a Successor Franchise because we no longer maintain a franchise program for Avanti Body Franchises.

**13.2.1 Qualifications for a Successor Franchise.** If applicable, to qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the Term of this Agreement:

- (1) You have, during the entire term of this Agreement, substantially complied with all provisions of this Agreement;
- (2) You have updated, remodeled, and refurbished the Franchised Business, signage, and Operating Assets, Equipment, to reflect our then-current standards and specifications applicable to new franchisees;
- (3) You have satisfied all monetary obligations owed by you to us (or any of our Affiliate), and you have timely met these obligations throughout the Term of this Agreement including payment of renewal fee in the amount of \$5,000 ("Renewal Fee");
- (4) You have not in default of any provision of this Agreement or any other agreement between you and us;
- (5) You have evidence of a continued right to the premises where the Franchised Business is located;
- (6) You have given required written notice of your intent to operate a successor franchise;
- (7) You have executed our then-current form of franchise agreement (or has executed other documents at our election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, or Brand Marketing Fee; provided, however, that you may not be required to pay the then-current Initial Franchise Fee;
- (8) You have complied with our then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and
- (9) You have executed a general release, in a form prescribed by us, of any and all claims against us, any of our affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

### **13.3 OUR NOTICE**

If we elect not to grant you a Successor Franchise, our Notice will describe the reasons for our decision. If we elect to grant you a Successor Franchise, your right to acquire a Successor Franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must remodel the Avanti Body Business and/or must cure certain deficiencies of the Avanti Body Business or its operation as a condition to our granting you a Successor Franchise, we will give you written notice of our decision not to grant a Successor Franchise based upon your failure to complete the remodeling and/or to cure those deficiencies, not less than 90 days before this

Agreement expires; provided, however, that we need not give you this 90 days' notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90-day period before it expires. We may extend this Agreement's Term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a Successor Franchise. If you fail to notify us of your election to acquire a Successor Franchise within the prescribed time period, we need not grant you a Successor Franchise.

## **14. TERMINATION OF AGREEMENT**

### **14.1. TERMINATION BY YOU**

If you and your owners are in full compliance with this Agreement, and we materially fail to comply with this Agreement and do not correct the failure within 30 days after you deliver written notice of the material failure to us, or if we cannot correct the failure within 30 days and do not give you reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of termination. However, if we send you written notice during the 30 day period indicating either that: (1) we do not agree that we have materially failed to comply with this Franchise Agreement; or (2) we have fully corrected the failure, then you may not terminate this Franchise Agreement; instead, if you disagree with our position, you agree to submit the dispute to mediation in accordance with Section 17 below.

14.1.1 Early Termination / Liquidated Damages. Your termination of this Agreement other than according to this Section 14.1 will be deemed a termination without cause and a breach of this Agreement. If you terminate this Agreement without cause, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages determined by multiplying the combined monthly average of Royalty Fees and Brand Development Fee Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you opened your Avanti Body Business through the date of early termination, multiplied by the lesser of: (i) 24; or (ii) the number of full months remaining in the Term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$10,000.

The parties to this Agreement acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to us, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining Term. The parties to this Agreement consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

This liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your Owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

### **14.2. TERMINATION BY US**

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

- (1) you or any of your owners have made or make any material misrepresentation or omission in acquiring the Avanti Body Business or operating the Avanti Body Business;
- (2) you do not open the Avanti Body Business for business within nine months after the Effective Date;

(3) you, your Managing Owner or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the Initial Training Program or you fail to appoint a new Managing Owner or Designated Manager within 30 days that is capable of satisfactorily completing the initial training program;

(4) you or your owners make or attempt to make any transfer in violation of Section 12;

(5) you or any of your owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony, or engage in any criminal misconduct relevant to the operation of your Avanti Body Business;

(6) you fail to maintain the insurance we require and do not correct the failure within ten days after we deliver written notice of that failure to you;

(7) you or any of your owners engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Avanti Body Business reputation or the goodwill associated with the Marks;

(8) you or any of your owners knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(9) you violate any health, safety or sanitation law, ordinance or regulation, or operate the Avanti Body Business in an unsafe manner and do not begin to cure the violation immediately and correct the violation within 24 hours after you receive notice from us or any other party;

(10) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within 24 hours after we or any applicable government agency deliver notice to you of that violation or failure;

(11) you fail to pay us, our affiliates, or any third-party vendors any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;

(12) you fail to pay when due, any federal or state income, service, sales or other taxes due on the Avanti Body Business operation, unless you are in good faith contesting your liability for these taxes;

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

(14) you or any of your owners' assets, property or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance or regulation;

(15) within any period of 12 consecutive months, failure to comply with this Agreement on 3 or more separate occasions for which notices of default were given (or failure on 2 or more separate noticed occasions to comply with the same obligation), whether or not those failures to comply are corrected.

(16) there is a termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates;

- (17) you have three or more insufficient funds or returned checks in any one calendar year;
- (18) you or any of your owners violate the in-term restrictive covenant contained in Section 15.6 (Covenant not to Compete) of this Agreement;
- (19) you indicate in writing to us your intention to consummate any of the preceding actions; or
- (20) failure to maintain minimum monthly Gross Revenue of \$25,000 beginning month 13 from the Effective Date of this Agreement; we retain the right to reduce your Protected Area or terminate this Agreement at our discretion.

#### **14.3. STEP-IN RIGHTS**

In addition to the rights described in Section 8.6 (regarding replacing the Designated Manager), and without waiver of any other rights or remedies we may have under this Agreement, in order to prevent any interruption of the Avanti Body Business operations, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of our choosing ("Interim Manager") to take possession of the Approved Business Location and any additional Equipment and to temporarily assume management of your Avanti Body Business for so long as we deem appropriate ("Step-In Rights"): (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified by this Agreement or us; (ii) if we determine in our sole judgment that the operation of your Avanti Body Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Avanti Body Business; (iv) if you abandon or fail to actively operate the Avanti Body Business; (v) upon your or the Designated Manager's absence, termination, illness, death, incapacity, divorce or disability under Section 12.5 of this Agreement; (vi) if this Agreement is terminated and we are deciding whether to exercise our option to purchase the Avanti Body Business under Section 15.6 of this Agreement.

If we exercise our Step-In Rights:

- (1) You agree to pay us (in addition to all other payments and other amounts due to us or our affiliates) an amount equal to \$200 per day we or the Interim Manager manages your Avanti Body Business, plus the Interim Manager's direct out-of-pocket costs and expenses;
- (2) all monies from the operation of the Franchise during such period of operation by us shall be kept in a separate account, and the expenses of the Avanti Body Business, including the fee paid to the Interim Manager, shall be charged to said account;
- (3) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Avanti Body Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Avanti Body Business purchases, while the Interim Manager manages it;
- (4) we will have no liability to you for the activities of an Interim Manager and you agree to indemnify and hold harmless us, the Interim Manager, and any representative of ours who may act hereunder, from any and all acts which we may perform or omissions, as regards the interests of you or third parties; and
- (5) you agree to pay all of our reasonable attorney fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

## **15. DEFAULT OR PRE-TERMINATE RIGHTS.**

### **15.1 DEFAULT OR PRE-TERMINATE RIGHTS**

Prior to the termination of our Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement or notify us that your Avanti Body Business is closing, then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

- i) Remove the listing of your Avanti Body Business from all advertising published or approved by us;
- ii) Cease listing your Avanti Body Business on any Technology Platforms;
- iii) Prohibit you from attending any conferences, meetings or programs held or sponsored by us;
- iv) Terminate your access to any computer system or software we own, maintain or license to you (whether licensed by us or by one of our affiliates);
- v) Suspend your ability to input new clients into our scheduling/POS software;
- vi) Suspend all services we or our affiliates provide to you under this Agreement or otherwise;
- vii) Contact your landlord, lenders, suppliers, and member regarding the status of your operations, and provide copies of any default or other notices to your landlords, lenders and suppliers;
- viii) In addition, if you notify us that you are closing your Franchised Business or otherwise communicate to others that you are closing your Franchised Business, you agree that your billing processor may withhold up to one-half (1/2) of monies that would otherwise be payable to you to cover any post termination obligations you may have, including to reimburse future membership fees paid by your members for periods beyond the closing date; and/or
- ix) Our actions as outlined in this Section 15 may continue until you have brought your accounts current, cured any default and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise.

### **15.2. PAYMENT OF AMOUNTS OWED TO US.**

Within 15 days after this Agreement expires or is terminated, or on any later date that we determine you agree to pay us the amounts due to us (or our affiliates) which may include (but is not limited to) the Royalty Fees, Brand Development Fee Contributions, interest, and all other amounts owed to us and our affiliates which then are unpaid.

### **15.3. DE-IDENTIFICATION**

When this Agreement expires or is terminated:

- (1) You may not directly or indirectly at any time or in any manner (except with other Avanti Body Businesses you own and operate) identify yourself or any business as a current or former Avanti Body Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of an Avanti Body Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us, at your expense, within 30 days all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to an Avanti Body Business, and if you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to remove any signs or other materials containing any Marks from the Avanti Body Business;

(4) notify the telephone company, and all telephone directory publishers, telephone numbers, social media accounts, (such as Yelp and Google accounts), and any other media assets related to your Avanti Body Business of the termination or expiration of your right to use any accounts, telephone, facsimile or other numbers and telephone directory listings associated with any Mark; to authorize the transfer of these numbers, accounts, and directory listings to us at our direction; and/or to instruct the telephone company and any other media company to forward all calls, emails, messages, texts, or other communications made to your numbers or accounts to numbers or accounts we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to affect these events. You agree that, as between you and us, upon termination or expiration, we have the sole right and interest in the telephone numbers and listings, accounts, and you appoint us as your attorney-in-fact to direct the telephone company or other applicable company to assign the same to us and to sign any required documents on your behalf;

(5) deliver to us copies of the entire customer files for each customer, which includes referrals, credit card and bank information, and any other customer information, as allowed by law; and

(6) you agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

#### **15.4. CONFIDENTIAL INFORMATION**

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise, and return to us all copies of the Operations Manual and any other confidential materials that we have made available to you, as well as any client data that you may have.

#### **15.5. CLIENTS**

If this Agreement is being terminated or expiring without renewal, we may contact clients of the Avanti Body Business and offer such clients continued rights to use one or more Avanti Body Franchises on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising or relating to those clients, or act or failure to act by you or the Avanti Body Business.

#### **15.6. COVENANT NOT TO COMPETE**

Upon termination or expiration of this Agreement, you and your owners agree that for two years beginning on the effective date of termination or expiration neither you nor any of your owners (or your or their spouses) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Business (as defined in Section 7 above) located or operating within a 50-mile radius of the Avanti Body Business or any other Avanti Body Business in operation or under development on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section. These restrictions also apply after transfers, as

provided in Section 12) above. However, this Section shall not prohibit ownership of less than five percent (5%) of a class of shares of issued and outstanding capital stock of any corporation whose stock is traded publicly on a recognized United States stock exchange. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

In the event a court of competent jurisdiction determines that the two-year post-term restricted period contained herein is too long to be enforceable, then the post-term restricted period shall be for a period of one year beginning on the effective date of termination, transfer or expiration of this Agreement.

**15.6.1 Enforcement of Covenants.** You acknowledge and agree that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) you have received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. You acknowledge that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.

**15.6.2 Disputed Enforcement.** The parties have attempted in the above Section to limit Your right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Your consent, at any time or times, effective immediately upon notice to Franchisee. **FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

**15.6.3 Franchisee's Acknowledgement.** Franchisor must be protected against the potential for unfair competition by Your use of Franchisor's training, assistance, Confidential Information, and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Your agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

## 15.7. OUR RIGHT TO PURCHASE THE AVANTI BODY BUSINESS

15.7.1 Exercise of Option. Upon one of the following: (a) our termination or expiration of this Agreement according to its terms and conditions; or (b) your termination of this Agreement without cause; we have the option, exercisable by giving you written notice within 30 days after the date of termination or expiration, to purchase your Avanti Body Business. We have the unrestricted right to assign this option to purchase. If we purchase your Avanti Body Business, we are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

15.7.2 Asset Purchase Price. We shall, within thirty (30) days following the expiration or termination of this Agreement (for any reason other than for renewal of the Franchise), have the option, in our sole judgment, to purchase all or any portion of the assets of your Avanti Body Business and any other materials, equipment or supplies bearing our Marks, and to have you assign and transfer the lease for the premises to us. Our purchase price for the portion of your inventory or supplies purchased directly from us or any of our affiliates shall be at your cost. Our purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by you in the operation of your Avanti Body Business shall be the fair wholesale market value thereof. In addition, we shall be permitted to deduct and withdraw from the purchase price to be paid to you for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

15.7.3 Independent Appraiser. If the parties are unable to reach an agreement as to the fair market value of the assets of the Avanti Body Business to be purchased by us, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

15.7.4 Closing. We or our assignee will pay the purchase price at the closing, which will take place no later than 60 days after the purchase price is determined, although we or our assignee may decide after the purchase price is determined not to purchase the Avanti Body Business. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (b) all of the Avanti Body Business licenses and permits which may be assigned or transferred; and
- (c) accounts receivable from Client Lists in computer readable format.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors, attorneys, and assigns.

## **15.8. CONTINUING OBLIGATIONS**

All of our, your and your owners' obligations, which expressly or by their nature survive this Agreement's expiration or termination, will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## **16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

### **16.1. INDEPENDENT CONTRACTORS**

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venture, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all public records, on letterhead, and in all dealings with clients, suppliers, public officials, Avanti Body Business personnel, and others as the Avanti Body Business owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials we require from time to time. You will not hold yourself out to be our agent, employer or partner. You acknowledge that we have no responsibility regarding the right to license and operate to ensure that the Avanti Body Business is developed and operated in compliance with all applicable laws, ordinances and regulations.

### **16.2. NO LIABILITY FOR ACTS OF OTHER PARTY**

No past, present, or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate controlling party, entity under common control, ownership or management, vendor, service, provider, agent attorney or representative of ours or of any of our affiliates will have any liability for 1) any obligations or liabilities we have relating to or arising from this Agreement or 2) any claim against us based on, in respect of, or by reason of, the transaction contemplated in this Agreement. This provision will not however affect any right duty or obligation of ours or yours or of any guarantor of your obligations.

### **16.3. TAXES**

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

### **16.4. INDEMNIFICATION**

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Avanti Body Business's operation, the business you conduct under this Agreement, your employment or other contractual relationship with your employees or independent contractors, any loss of data, including customer information, resulting from a breach of such data caused in whole or in part by you or your negligence, or your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness

fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions, and such actions will affect your obligation to indemnify under this Section.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section 16.4. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 16.4.

We may, but are not required to, indemnify you against, and reimburse you for: (1) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of any Mark in compliance with this Agreement; and (2) the costs in defending any claim brought against you or in any proceeding in which you are named as a party arising out of your use of any Mark in compliance with this Agreement, provided you have timely notified us of the claim or proceeding, and have complied with this Agreement. If we determine you have used the Mark in accordance with this Agreement, we will pay for such defense, including the cost of any judgment or settlement.

## **17. ENFORCEMENT**

### **17.1. SECURITY INTEREST.**

As security for the performance of your obligations under this Agreement, including payments owed to us for purchase by you, you grant us a security interest in all of the assets of the Avanti Body Business, including, but not limited to, the Approved Business Location, Equipment, inventory, fixtures, furniture, accounts, supplies, contracts, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third party lender requires that we subordinate our security interest in the assets of the Avanti Body Business as a condition to lending you working capital for the operation of the Avanti Body Business, we will agree to subordinate pursuant to terms and conditions determined by us.

### **17.2. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

17.2.1 Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement is severable, and, if for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

17.2.2 If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

17.2.3 If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a Successor Franchise Agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision

or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement as though it were separately articulated in and made a part of this Agreement.

### **17.3. WAIVER OF OBLIGATIONS.**

We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Avanti Body Franchises; the existence of franchise agreements for other Avanti Body Franchises which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (i) compliance with the orders, requests, regulations or recommendations of any federal, state or municipal government; (ii) acts of God; (iii) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (iv) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees or Brand Development Fee Contributions due afterward.

### **17.4. COSTS AND ATTORNEY FEES.**

You shall pay all costs and expenses (including reasonable fees of attorneys, accountants and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of, this Agreement. The existence of any claims, demands or actions which you may have against us, whether arising from this Agreement or otherwise, shall not constitute a defense to our enforcement of your, or any equitable owners if you are a legal entity, representations, warranties, covenants, agreements or obligations herein. Additionally, the prevailing party in any arbitration or litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

### **17.5. RIGHTS OF PARTIES ARE CUMULATIVE.**

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

## **17.6. MEDIATION.**

17.6.1 The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, we, you, and each Owner agree to submit to mediation any claim, controversy or dispute between Us or our Affiliates (and our Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between us and you, **(b)** our relationship with you, or **(c)** the validity of this Agreement or any other agreement between us and you, before bringing such claim, controversy or dispute in a court or before any other tribunal.

17.6.2 The mediation shall be conducted by a mediator agreed upon by both parties and, failing such agreement within not more than fifteen (15) days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which we maintain our principal business address at the time of mediation. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

17.6.3 If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 17.8. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

17.6.4 Notwithstanding the foregoing provisions of this Section 17.6., the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to us pursuant to this Agreement, the Marks, Copyrighted Works or Confidential Information. Moreover, regardless of this mediation agreement, each party has the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

17.6.5 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

## **17.7. ARBITRATION.**

17.7.1 Any dispute, controversy, or claim arising out of or relating to this Agreement and the relationships created hereby must be resolved by arbitration. The arbitration shall be administered in accordance with the Commercial Rules of the AAA. Excepted from this requirement to arbitrate under this Section 17.7 are claims related to Franchisee's nonpayment of any fees under this Agreement to Franchisor. Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may presented as evidence in arbitration. Parties and their counsel must be present, in-person, for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters and remote non-party witnesses only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 17.7. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("FAA"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration- related expenses, including but not limited to attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

17.7.2. Arbitration will be conducted in the city in which Franchisor maintains its principal business office at the time of the arbitration. Arbitration will be conducted on an individual, not a class-wide basis, and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The arbitrator has no power or authority to award punitive damages.

17.7.3. Any disputes concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision. If, prior to an Arbitrator's final decision, either Franchisee or Franchisor commences an action in any court for a claim that arises out of or relates to this Agreement (except for the purpose of enforcing this arbitration provision or as otherwise permitted by this Agreement), the party bringing the action in court will be responsible for the other party's expenses of enforcing this arbitration provision, including court costs, arbitration filing fees, and other costs and attorneys' fees.

17.7.4. If Franchisee institutes any claim subject to this arbitration proceeding in any court, and Franchisor succeeds in a motion to compel arbitration of the claim, Franchisee must reimburse Franchisor its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

17.7.5. Franchisee shall not assert any claim or cause of action against us, our officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

17.7.6. Notwithstanding the foregoing provisions of this Section 17.7, the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on fees that you are obligated to pay pursuant to this Agreement, or to any action for injunctive relief initiated by Franchisor to enforce any provision concerning your use or ownership of the Marks or Copyrighted Works, or Franchisor's Confidential Information. Moreover, regardless of this arbitration agreement, Franchisor and you are required in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

17.7.7. Notwithstanding the foregoing, Franchisor has the right to apply to any court of competent jurisdiction for injunctive relief to prevent continued or threatened harm while arbitration is pending. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which Franchisor maintains its principal place of business for this purpose.

17.7.8. For avoidance of doubt, this provision specifically requires both parties to arbitrate our disputes through the American Arbitration Association ("AAA"). The arbitration process allows the disputes to be heard and decided by one arbitrator, selected using the AAA's standard selection process, apply the law to the facts and evidence presented and where we will not use the local court system or its judges. By signing this franchise agreement, you are consenting to resolve disputes through arbitration administered by the AAA, using the current AAA commercial rules.

17.7.9. Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for depositions or evidentiary hearings.

## **17.8. GOVERNING LAW.**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this agreement, the franchise,

and all claims arising from the relationship between us and you will be governed by the laws of the state of our principal business address, which is currently the state of Texas, without regard to its conflict of laws rules, except that any Texas law (including the Texas Consumer Protection Act), or the law of the state of our principal business address, regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

### **17.9. CONSENT TO JURISDICTION.**

Subject to Sections 17.6 and 17.7 above and the provisions below, we and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office is then located, and we and you (and each owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Avanti Body Business is located.

### **17.10. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

Except for your obligation to indemnify us for third party claims under Section 16.4, and except for punitive damages available to either party under federal law, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

### **17.11. PROVISIONAL REMEDIES.**

Nothing in this Agreement bars our right to obtain specific performance of this Agreement and injunctive relief from a court of competent jurisdiction and/or other provisional relief including but not limited to: (i) enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel you to comply with your obligations to us and/or to protect the Marks or Confidential Information; (ii) any claim or dispute involving or contesting the validity of any of the Marks or Confidential Information; (iii) alleged violations of federal or state antitrust laws; (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, and (v) relief against actual or threatened conduct that has or will cause us, the Marks and/or the Confidential Information loss or damage. You agree we may obtain such specific performance, injunctive or provisional relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief. The parties expressly agree that the venue for such litigation shall be the state or federal courts located in the city closest to our principal place of business, provided however that we may obtain such relief in any state or federal court with proper jurisdiction. The parties' consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 17.11, and the parties waive any objections that they would otherwise have in this regard.

### **17.12. BINDING EFFECT.**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the

Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

### **17.13. LIMITATIONS OF CLAIMS.**

Except for claims arising from your nonpayment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims; however, the parties agree that, in order to comply with this provision, either party may commence a judicial or arbitration proceeding before a related mediation proceeding is declared completed.

### **17.14. CONSTRUCTION.**

17.14.1 Entire Agreement. This Agreement represents the entire, fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written, concerning the subject matter hereof. Except for Franchisor's unilateral rights under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document delivered to you in connection with your purchase of a Avanti Body Business franchise. You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other for which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no reliance on any such discussions.

17.14.2 Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval.

17.14.3 Definitions and Captions. The headings of the sections and paragraphs are for convenience only and do not define, limit or construe the contents of these Sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement include any of our affiliates with whom you deal. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "control" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Avanti Body Business, whether as partners or a joint venture, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially or otherwise) or voting rights in you (or a transferee of this Agreement and the Avanti Body Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, or the Avanti Body Business, and any person who has any other legal

or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights or assets.

References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

“Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “Avanti Body Business” includes all of the assets of the Avanti Body Business you operate under this Agreement, including its revenue.

17.14.4 Counterparts. This Agreement may be executed in multiple copies, each of which will be deemed an original.

#### **17.15. COVENANT OF GOOD FAITH.**

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

#### **17.16. NOTICES AND PAYMENTS.**

All written notices, reports and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered:

- (1) at the time delivered by hand;
- (2) at the time delivered via computer transmission and, in the case of Royalty Fees, Brand Development Fee Contributions and other amounts due, at the time we actually receive payment;
- (3) one business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (4) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (5) Three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the first page of this Agreement, although we may change this address for notice by giving you notice of the new address. You may change the person and/or address for notice only by giving us 30 days' prior written notice by any of the means specified in subparagraphs (1) through (5) above of this Section.

Any written notice that we send to you may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Agreement.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

All payments by you will be applied in such order as we may designate from time to time. You agree that you may not designate an order for application of any fees different from that designated by us and expressly acknowledge and agree that we may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by us, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

#### **17.17. COMPLIANCE WITH ANTI-TERRORISM LAWS.**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (as defined below). In connection with that compliance, you and your owners certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.2 above.

#### **17.18. ELECTRONIC MAIL.**

You acknowledge and agree that exchanging information with us by email is efficient and desirable for day-to-day communications and that we and you may utilize email for such communications. You authorize the transmission of email by us and our employees, vendors and affiliates ("Official Senders") to you during the Term of this Agreement.

You further agree that: (i) Official Senders are authorized to send emails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (ii) you will cause your officers, directors and employees to give their consent to Official Senders' transmission of emails to them; (iii) you will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with you; and (iv) you will not opt out or otherwise ask to no longer receive emails from Official Senders during the Term of this Agreement.

#### **17.19. DISAVOWAL OF ORAL REPRESENTATIONS.**

You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no reliance on any such discussions. You agree that no representations have been made to you concerning this

Agreement or the Franchised Business other than contained in this agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the “FDD”). You agree that no claims, representations, warranties, or guarantees express or implied regarding actual or potential earnings sales profits or success of your Franchised Business have been made to you other than as forth in item 19 of the FDD.

#### **17.20. OTHER FRANCHISEES**

You acknowledge that other Franchised Business 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. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our Franchised Businesses (whether franchised or centers that we or our affiliates operate) and you will not be entitled require us to grant similar variations or privileges to you.

The consent given in this Section shall not apply to the provision of notices by either party under this Agreement pursuant to Section 17.18 using email unless the parties otherwise agree in a written document manually signed by both parties.

[Signature Page to follow]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

**AVANTI BODY FRANCHISING, LLC,**

a Texas limited liability company

**FRANCHISEE:**

\_\_\_\_\_  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT A**  
**FRANCHISE DATA SHEET**

**TO THE AVANTI BODY FRANCHISING, LLC FRANCHISE AGREEMENT**

1. **Effective Date.** The Effective Date of the Agreement is: \_\_\_\_\_, 20\_\_\_\_.

2. **Franchisee.** The Franchisee identified in the introductory paragraph of the Agreement is:

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3. Site Selection Area: \_\_\_\_\_

4. **Protected Area.** The Protected Area shall be as follows: \_\_\_\_\_

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5. **Location.** The location of the AVANTI BODY Business shall be as follows:

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6. **Initial Franchise Fee:** \$ \_\_\_\_\_

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7. **Notice Address.** Franchisee's address for notices as set forth in Section 17 of the Agreement shall be as follows:

Attn: \_\_\_\_\_

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*(Signatures on following page)*

**FRANCHISOR:**

**AVANTI BODY FRANCHISING, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT B**  
**FORM OF OWNERSHIP**

**TO THE AVANTI BODY FRANCHISING, LLC FRANCHISE AGREEMENT**

Franchisee: \_\_\_\_\_

**Form of Ownership (Check One)**

**Individual**  **Partnership**  **Corporation**  **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners:**

Name	Address	Percentage Owned

**Identification of Managing Owner.** Your Managing Owner as of the Effective Date is \_\_\_\_\_ . You may not change the Managing Owner without prior written approval.

**Identification of Designated Manager.** Your Designated Manager, if applicable, as of the Effective Date is \_\_\_\_\_ . You may not change the Designated Manager without prior written approval.

This form is current and complete as of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISEE:**

\_\_\_\_\_  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT C**  
**OWNERS AGREEMENT**

**TO THE AVANTI BODY FRANCHISING, LLC FRANCHISE AGREEMENT**

As a condition to the execution by AVANTI BODY FRANCHISING, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses , covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 20\_\_\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Your obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Your owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Your non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

**3. Covenant Not To Compete.**

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Your restrictions on competition during the term of

the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### **4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Your obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Your failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Your debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Your indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

#### **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or

indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

AVANTI BODY FRANCHISING, LLC  
4002 Belt Line Rd Suite 140,  
Addison, TX 75001

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 **Severability.** Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 **No Third Party Beneficiaries.** Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 **Construction.** Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 **Binding Effect.** This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 **Nonwaiver.** Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 **No Personal Liability.** You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 **Owners Agreement Controls.** In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

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(Insert Name of Owner)

---

(Insert Name of Spouse)

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(Insert Name of Owner)

---

(Insert Name of Spouse)

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(Insert Name of Owner)

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(Insert Name of Spouse)

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(Insert Name of Owner)

---

(Insert Name of Spouse)

AVANTI BODY FRANCHISING, LLC hereby accepts the agreements of the Owner(s) hereunder.

**AVANTI BODY FRANCHISING, LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**CALIFORNIA AMENDMENT TO THE FRANCHISE AGREEMENT**

This Amendment to the Avanti Body Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ between Avanti Body Franchising, LLC, ("Franchisor") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 3.1 of the Franchise Agreement is amended to reflect the following:

"The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open."
2. The Franchise Agreement is hereby amended to remove the following Section 13.14 in its entirety.
3. Section 22.19 of the Franchise Agreement is amended to remove the following language:

" Each party agrees that neither party has placed nor will place any reliance on any such discussions."
4. The first sentence Section 24.5 of the Franchise Agreement has been amended to remove the following: "or relied on".
5. The second paragraph of Section 18.2 of the Franchise Agreement is amended with the following:

It is unlawful for a franchisor to prevent a franchisee from selling or transferring a franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business, to another person provided that the person is qualified under the franchisor's then-existing standards for the approval of new or renewing franchisees, these standards to be made available to the franchisee, as provided in Section 20029, if applicable, and to be consistently applied to similarly situated franchises operating within the franchise brand, and the franchisee and the buyer, transferee, or assignee comply with the transfer conditions specified in the franchise agreement. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. A Franchisee shall not have the right to sell, transfer, or assign the franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business, without the written consent of the Franchisor, except that the consent shall not be withheld unless the buyer, transferee, or assignee does not meet the standards for new or renewing franchises described in subdivision (a) of the California Business and Professions Code, Section 20028, if applicable, or the Franchisee and the buyer, transferee, or assignee do not comply with the transfer conditions specified in the franchise agreement.
4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

**FRANCHISOR:**

**AVANTI BODY FRANCHISING, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Name, Title

By: \_\_\_\_\_  
Name/Title

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**ILLINOIS AMENDMENT TO THE FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“Amendment”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“Franchise Agreement”) between Avanti Body Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (collectively, the “Act”). To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois law governs the Franchise Agreement.
- b. Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
- c. In conformance with Section 4 of the Illinois Franchise Disclosure Act any provision , in the Franchise Agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- d. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- e. In conformance with Section 41 of the Illinois Franchise Disclosure Act any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
- f. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

**FRANCHISOR:**  
**AVANTI BODY FRANCHISING, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
[insert Name/Title]

By: \_\_\_\_\_  
[insert Name/Title]

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**MARYLAND AMENDMENT TO THE FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, ("Amendment") is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement ("Franchise Agreement") between Avanti Body Franchising LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee").

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement is amended as follows:

Sections 4.2 and 18.2 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise, such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

Section 23.1 requires that the Franchise be governed by the laws of the State of Florida however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

Sections 23.2 requires litigation to be conducted in the State of Florida; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise 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.

The Franchise Agreement is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

2. Section 3.1 of the Franchise Agreement is amended to reflect the following:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement" ("Fee Deferral Requirement").

3. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations 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.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

**FRANCHISOR:**

**AVANTI BODY FRANCHISING, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
[insert Name/Title]

By: \_\_\_\_\_  
[insert Name/Title]

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**MINNESOTA AMENDMENT TO THE FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“Amendment”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“Franchise Agreement”) ”) between Avanti Body Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Section 3.1. of the Franchise Agreement is amended to state the following: “Based upon the franchisor’s financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.”
2. The provisions of this Amendment form an integral part of, and are incorporated into, the Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; b) Franchisee is a resident of the State of Minnesota; and/or c) the franchise will be located or operated in the State of Minnesota.
3. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.
4. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.
5. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from (i) requiring litigation to be conducted outside Minnesota, (ii) requiring waiver of a jury trial, and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of your rights as provided for in Minnesota Franchise Act, or (ii) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Section 14.1.1 (Liquidated Damages) has been deleted in its entirety and replaced by the following: “Your termination of this Agreement other than according to this Section 14.1 will be deemed a termination without cause and a breach of this Agreement. If you terminate this Agreement without cause, you specifically acknowledge and agree that you had an obligation to operate the Franchised Business for the full Term and failure to do so has a significant loss of cash flow from Royalty Fees, and Brand Development Fee Contributions due to us. Therefore, Franchisor shall be entitled to all remedies available to the Franchisor under law or at equity including but not limited to any loss profits, actual costs and expenses incurred, or damages to Franchisor’s reputation.”
7. The first paragraph of Section 15.1 is hereby deleted in its entirety and replaced by the following: “Prior to the termination of our Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement or notify us that your Franchised Business is closing, and you have failed to cure the default upon Franchisor’s notice then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:”

8. Section 17.10 (Waiver of Punitive Damages and Jury Trial) are hereby deleted.
9. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
10. The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). A court will determine if a bond is required.
11. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this Amendment.
12. NSF checks are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.
13. The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.
14. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
15. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**IN WITNESS WHEREOF**, the parties have executed this Amendment as of the Effective Date.

**FRANCHISOR:**  
**AVANTI BODY FRANCHISING, LLC**

By: \_\_\_\_\_  
Name/Title

**FRANCHISEE:**  
By: \_\_\_\_\_  
Name/Title

**ATTACHMENT D TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**NEW YORK AMENDMENT TO THE FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“Amendment”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“Franchise Agreement”) ”) between Avanti Body Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

In recognition of the requirements of the General Business Law of the State of New York, Article 3, Section 687 and Article 33, Sections 680-695, and the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, the Disclosure document for Avanti Body Franchising, LLC, for use in the State of New York shall be amended as follows:

1. Renewal. Section 13.2 of the Franchise Agreement (with respect to signing a general release) is amended by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Laws 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 GBL 687.4 and 687.5 be satisfied.

2. Transfer by Franchisee to a Third Party. Section 12.2 of the Franchise Agreement is amended by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Laws 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 GBL 687.4 and 687.5 be satisfied.

3. Choice of Law. Section 17.8 of the Franchise Agreement is amended by the addition of the following language:

; however, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

4. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the New York General Business Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

*[Signature page to follow]*

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

**FRANCHISOR:**

**AVANTI BODY FRANCHISING, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Name/Title

By: \_\_\_\_\_  
Name/Title

**ATTACHMENT E TO THE FRANCHISE AGREEMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**LEASE RIDER**

## Lease Rider

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among Avanti Body Franchising, LLC ("AVANTI BODY OR AVANTI"), a Texas limited liability company; \_\_\_\_\_ ("Landlord"), with its principal offices at \_\_\_\_\_; and \_\_\_\_\_ ("Tenant"), with its principal offices at \_\_\_\_\_.

### WITNESSETH:

In consideration of, and as an inducement to the execution of the Franchise Agreement between Franchisor and its franchisee, each of the undersigned agree as follows:

(a) Landlord acknowledges that Tenant is a franchisee of Franchisor and that the Franchised Business is located at the Premises, operated under the **Avanti Body Franchising, LLC** franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of the **Avanti Body Franchising, LLC** system as Franchisor may prescribe for the Business. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Business.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within 15 days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default, or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six-month period set forth in section (d)(1) above, or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Business is being granted to another **Avanti Body** franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such

assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the **Avanti Body Franchising, LLC** System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of **Avanti Body Franchising, LLC** trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) Landlord shall subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights shall be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

(i) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 4002 Beltline Road, Suite 140, Addison, Texas 75001; such address may be changed by written notice to Landlord in the manner provided in the Lease.

*[Signature page is the next page.]*

**FRANCHISOR:**  
**AVANTI BODY FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LANDLORD:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT F TO THE FRANCHISE AGREEMENT  
ELECTRONIC FUNDS TRANSFER**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
AVANTI BODY FRANCHISING, LLC ("PAYEE")**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

- a) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- b) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- c) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name): \_\_\_\_\_ Bank Account Name: \_\_\_\_\_

Bank Acct #: \_\_\_\_\_ Routing #: \_\_\_\_\_

(Please attach one voided check for the above account)

Franchise Location Name:

By: \_\_\_\_\_

Title of Authorized Representative (Depositor):

Date: \_\_\_\_\_

**EXHIBIT D**  
**FRANCHISE DISCLOSURE QUESTIONNAIRE**

## FRANCHISE DISCLOSURE QUESTIONNAIRE

### **NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF CALIFORNIA OR MARYLAND: DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS IN THIS QUESTIONNAIRE.**

As you know, AVANTI BODY FRANCHISING, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of an AVANTI BODY franchise. You cannot sign or date this questionnaire the same day as the Receipt Page for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement. Please review each of the following questions carefully and initial your acknowledgment to each question. If you have additional comments for any question, please list them in the comment box at the bottom of this questionnaire.

1. \_\_\_\_\_ I have received and personally reviewed the Franchise Agreement and each exhibit or scheduled attached to it.
2. \_\_\_\_\_ I have received and personally reviewed the Franchise Disclosure Document as provided by Avanti.
3. \_\_\_\_\_ I have signed the receipt pages for the Franchise Disclosure Document indicating the date I received it.
4. \_\_\_\_\_ I understand all the information contained in the Franchise Disclosure Document and the Franchise Agreement.
5. \_\_\_\_\_ I have discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and I do understand the risks associated with operating a Franchised Business.
6. \_\_\_\_\_ I understand the risks of operating an Avanti Body Franchise.
7. \_\_\_\_\_ I understand the success or failure of this franchise will depend in large part upon my skills, abilities, and efforts and those of the persons I employ, as well as many factors beyond my control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.
8. \_\_\_\_\_ I understand that we are not obligated to provide assistance to you in finding and securing a location for your Avanti Body Business.
9. \_\_\_\_\_ I understand that the Franchisor is not responsible for any construction delays.
10. \_\_\_\_\_ I understand all disputes or claims that arise out of or under the Franchise Agreement must be brought in arbitration in the judicial district in which our principal place of business is located, if not resolved informally or by mediation.
11. \_\_\_\_\_ I understand the Franchise Agreement provides that I can only collect compensatory damages on any claim under the Franchise Agreement, and not any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits).

12. \_\_\_\_\_ I understand that the Designated Manager must successfully complete the training program prior to the Opening Date; and that if he or she fails to satisfactorily complete the Initial training program, and if such default is not cured within 90 days following written notice from the Franchisor, the Franchisor has the right to terminate the Franchise Agreement.
13. \_\_\_\_\_ I understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises.
14. \_\_\_\_\_ I understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities. I further acknowledge that I have never been a suspected terrorist or associated directly or indirectly with terrorist activity nor am I purchasing an Avanti Body franchise with the intent or purpose of violating any anti-terrorism law or for obtaining money to be contributed to a terrorist organization.
15. \_\_\_\_\_ I understand that we will not approve your purchase of a Avanti Body franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity.
16. \_\_\_\_\_ At no time has an employee or other person speaking on our behalf made any statement or promise concerning the revenues or profits of the Franchised Business that we or our franchisees operate.
17. \_\_\_\_\_ At no time has an employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Avanti Body franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document
18. \_\_\_\_\_ At no time has an employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support services, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document.
19. \_\_\_\_\_ I understand that the Franchise Agreement contains the entire agreement between us and you concerning this franchise, meaning that we are not bound by any prior oral or written statements that may have been made to you but which are not contained in the Franchise Agreement or Franchise Disclosure Document.

### Comments:

**The following only applies to Maryland residents and/or franchises to be operated in the State of Maryland:**

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.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

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Signature of Franchise Applicant

---

Name (please print)

---

Date

---

Signature of Franchise Applicant

---

Name (please print)

---

Date

**EXHIBIT E**  
**LIST OF CURRENT AND FORMER FRANCHISEES**

**Current Franchisees as of December 31, 2023:**

NONE

**Current Franchise Agreement Signed but Center not open as of December 31, 2023:**

Redlight Idaho, LLC (Olson) - 4059 Barossa Drive, Idaho Falls, ID 83404 – 208-754-5171

**Former Franchisees:**

The name and last known address of every franchisee who had an Avanti Body Business transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2023 to December 31, 2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

NONE

**NOTE:** If you buy an Avanti Body Business, your contact information may be disclosed to other buyers when you leave the Franchise System.

**EXHIBIT F**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**AVANTI BODY FRANCHISING, LLC**  
**STATE SPECIFIC ADDENDA**

## AVANTI BODY FRANCHISING, LLC

### STATE SPECIFIC ADDENDA

#### ***FOR THE STATE OF CALIFORNIA***

1. The following is added to the last paragraph of the cover page of the disclosure document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfp.ca.gov](http://www.dfp.ca.gov).

2. Item 3 is supplemented by the following:

Neither we, nor any person or franchise broker in Item 2 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, 15 U.S.C.A. 78a. et seq., suspending or expelling such person from membership in such association or exchange.

3. Item 17 is supplemented by the following:

The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law, or any rule or order thereunder, is void.

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

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

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

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

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

The Franchise Agreement requires the application of the laws of Texas. This provision may be unenforceable under California law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a prospective waiver of your rights under the Franchise Relations Act (Business and Professions Code Section 20000 – 20043).

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

#### ***FOR THE STATE OF ILLINOIS***

- a. Illinois law governs the Franchise Agreement.
- b. Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
- c. In conformance with Section 4 of the Illinois Franchise Disclosure Act any provision provides that, if this in the Franchise Agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois. requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims.
- d. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- e. In conformance with 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.
- f. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### ***FOR THE STATE OF MARYLAND***

- 1. Item 5 is supplemented by the following:

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

- 2. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Items 17(c) and 17(l):

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

- 3. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(f) (Termination by franchisor with cause):

4. A provision in the franchise agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

- 5. Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum):

6. You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three years after the grant of the franchise.

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

#### ***FOR THE STATE OF MINNESOTA***

Item 5 and 7 are supplemented by the following:

“Based upon the franchisor’s financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by the Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.”

2. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(c) (Requirements for franchisee to renew or extend) and Item 17(m) (Conditions for our approval of transfer by franchisee):

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

3. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(f) (Termination by franchisor with cause):

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minnesota Statutes Sec. 80C.14, Subs, 3,4, and 5 require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the applicable agreement.

4. Item 17 is supplemented by adding the following language to the end of the “Summary” section of Item 17(v) (Choice of forum):

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. NSF checks are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.

6. Minnesota Stat. § 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from: (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee’s rights as provided for in Minnesota Franchise Act or (ii) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

8. The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.

9. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

#### **FOR THE STATE OF NEW YORK.**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E, OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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

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

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

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

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

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

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

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

7. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**EXHIBIT G**  
**CONTRACTS FOR USE WITH THE AVANTI BODY FRANCHISING FRANCHISE**

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Avanti Body Business. The following are the forms of contracts that AVANTI BODY FRANCHISING, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

**EXHIBIT G-1**  
**AVANTI BODY BUSINESS**  
**SAMPLE GENERAL RELEASE AGREEMENT**  
**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of AVANTI BODY FRANCHISING, LLC, a Texas limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate an AVANTI BODY business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

**WHEREAS**, as a condition to Franchisor’s consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. **Non-disparagement**. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. **Confidentiality.** Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. **Miscellaneous.**

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT G-2**  
**AVANTI BODY BUSINESS**  
**SAMPLE SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of AVANTI BODY FRANCHISING, LLC, a Texas limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Protected Area (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Protected Area (including, but not limited to, the services we authorize), but excludes an AVANTI BODY business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of an AVANTI BODY business or the solicitation or offer of an AVANTI Body Franchising franchise, whether now in existence or created in the future.

“*Franchisee*” means the Avanti Body Franchising franchisee for which you are a manager or officer.

“*Franchisee Protected Area*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an AVANTI BODY business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Operations Manual for the operation of an AVANTI BODY business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an AVANTI BODY business, including “AVANTI BODY,” and any other trademarks, service marks, or trade names that we designate for use by an AVANTI BODY business. The term “Marks” also includes any distinctive trade dress used to identify an AVANTI BODY business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); and/or (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s AVANTI BODY business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the one-year period after you cease to be a manager or officer of Franchisee’s AVANTI BODY business.

“*Restricted Territory*” means the geographic area within: (i) a 50-mile radius from Franchisee’s AVANTI BODY business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other AVANTI BODY businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 25-mile radius from Franchisee’s AVANTI BODY business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of an AVANTI BODY business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Avanti Body business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s AVANTI BODY business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition during Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s AVANTI BODY business by engaging in any Prohibited Activities.

**5. Unfair Competition after Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Avanti Body Franchising franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Texas, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT G-3**  
**AVANTI BODY BUSINESS**  
**SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of AVANTI BODY FRANCHISING, LLC, a Texas limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Avanti Body Franchising franchisees to use, sell, or display in connection with the marketing and/or operation of an AVANTI BODY business, whether now in existence or created in the future.

“*Franchisee*” means the Avanti Body Business for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an AVANTI BODY business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Operations Manual for the operation of an AVANTI BODY business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an AVANTI BODY Business, including “AVANTI BODY” and any other trademarks, service marks, or trade names that we designate for use by an AVANTI BODY Business. The term “Marks” also includes any distinctive trade dress used to identify an AVANTI BODY Business, whether now in existence or hereafter created.

“*Avanti Body Business*” means a business that operates a retail location that provides red-light therapy, health and wellness and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of an AVANTI BODY business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property:** Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the AVANTI BODY business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee,

independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of AVANTI BODY FRANCHISING, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Avanti Body Franchising franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of AVANTI BODY FRANCHISING, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Texas, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT G-4**  
**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

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Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**Bank Account Information:**

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Bank Name	
Bank Mailing Address (street, city, state, zip)	
<input type="checkbox"/> Checking <input type="checkbox"/> Savings	
Bank Account No.	(check one)
Bank Routing No. (9 digits)	
Bank Mailing Address (city, state, zip)	Bank Phone No.

**Authorization:**

Franchisee hereby authorizes AVANTI BODY FRANCHISING, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Rev. 032916

Federal Tax ID Number: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

**EXHIBIT G-5**  
**AVANTI BODY FRANCHISING FRANCHISE**  
**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, between AVANTI BODY FRANCHISING, LLC (“**Franchisor**”), a Texas limited liability company, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [corporation/limited liability company] (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate an Avanti Body Business located at \_\_\_\_\_ (“**franchised business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the franchised business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the franchised business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the franchised business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).
2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.
3. Consent to Requested Assignment of franchised business. Franchisor hereby consents to the Requested Assignment of the franchised business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.
4. Termination of Rights to the franchised business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the franchised business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the franchised business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor’s current form of General Release Agreement.

5. **New Franchise Agreement.** New Franchisee shall execute the New Franchise Agreement for the franchised business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an AVANTI BODY Franchising franchise as stated in Franchisor's Franchise Disclosure Document.

6. **Former Franchisee's Contact Information.** Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. **Acknowledgement by New Franchisee.** New Franchisee acknowledges and agrees that the purchase of the rights to the franchised business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the franchised business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the franchised business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. **Representation.** Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or franchised business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. **Notices.** Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. **Further Actions.** Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. **Affiliates.** When used in this Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. **Miscellaneous.** This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

AVANTI BODY FRANCHISING, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FORMER FRANCHISEE:**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**NEW FRANCHISEE:**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G-6**  
**AVANTI BODY BUSINESS**

**SBA FORM 2462 ADDENDUM TO FRANCHISE AGREEMENT**

**EXHIBIT I**  
**STATE EFFECTIVE DATES**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	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.

**EXHIBIT J**  
**RECEIPT**

**(Retain This Copy)**

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 Avanti Body Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Avanti Body Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit A. Our agents for service of process are listed in Exhibit A.

Issuance Date: May 24, 2024

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Check all that Apply	Name	Principal Business Address	Telephone Number
	Terri Simpson	4002 Belt Line Rd Ste 140, Addison, TX 75001	214-227-8817
	Pat Neville	4002 Belt Line Rd Ste 140, Addison, TX 75001	214-227-8817
	Andrea Dobkin	4002 Belt Line Rd Ste 140, Addison, TX 75001	214-227-8817

I received a disclosure document with an issuance date of May 24, 2024 (or the date reflected on the State Effective Dates page) that included the following Exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Franchise Disclosure Questionnaire
Exhibit E	List of Current and Former Franchisees
Exhibit F	State Addenda Contracts for use with the Avanti Body Business
Exhibit G	Contracts for Use with the Avanti Body Business

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Date

Signature

Printed Name

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

## RECEIPT

### (Our Copy)

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 Avanti Body Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Avanti Body Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit A. Our agents for service of process are listed in Exhibit A.

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Exhibit G	Contracts for Use with the Avanti Body Business

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Date

Signature

Printed Name

**Please sign this copy of the receipt, date your signature, and return it to AVANTI BODY FRANCHISING, LLC, 4002 Belt Line Rd Ste 140, Addison, TX 75001 or via email at franchise@avantibody.com**