



## FRANCHISE DISCLOSURE DOCUMENT

TAB Boards International, Inc.  
a Colorado corporation  
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TAB Boards International, Inc. offers franchises for the operation of a business (a “**TAB Business**”) that uses licensed methods (the “**Licensed Methods**”) under certain trademarks (the “**Trademarks**”) to (i) form advisory boards (“**TAB Boards**”) composed of business leaders (“**TAB Members**”), (ii) facilitate monthly meetings of TAB Boards (“**TAB Board Meetings**”), (iii) provide business coaching sessions, advice, and ancillary business services using the Licensed Methods, and (iv) generate revenue through other existing and future proprietary tools and programs.

There are three different franchise models. The first franchise model is the “major metropolitan area” TAB Business franchise (the “**MM TAB Business Franchise**”). The total investment necessary to begin operation of an MM TAB Business Franchise is \$80,375.00 to \$96,650.00. This includes \$78,365.00 that must be paid to the franchisor or affiliates. The second franchise model is the “non-major metropolitan area” TAB Business franchise (the “**NMM TAB Business Franchise**”). The total investment necessary to begin operation of an NMM TAB Business Franchise is \$64,875.00 to \$81,150.00. This includes \$62,865.00 that must be paid to the franchisor or affiliates. The third franchise model is the “small area” TAB Business franchise (the “**Small TAB Business Franchise**”). The total investment necessary to begin operation of a Small TAB Business Franchise is \$53,875.00 to \$70,150.00. This includes \$51,865.00 that must be paid to the franchisor or affiliates.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least fourteen (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. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of a Franchise Disclosure Document in different formats, contact Amber Paugh, TAB Boards International, Inc., 11031 Sheridan Boulevard, Westminster, Colorado 80020, (303) 839-1200.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at (877) FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: April 1, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<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 Exhibits E and F.
<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>	Exhibit G includes 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 TAB 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 a TAB Business franchisee?</b>	Exhibits E and F list 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 the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

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

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

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

### Some States Require Registration

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

Your state may also 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 risks 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 Colorado. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, and litigate with the franchisor in Colorado than in your own state.
2. **Governing Law.** The franchise agreement states that Colorado law governs the agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.

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 “**TAB**,” “**us**,” “**our**” or “**we**” means TAB Boards International, Inc., the franchisor. “**You**,” “**your**” or “**Franchisee**” means the person, corporation, limited liability company, or partnership who buys the franchise. If the franchisee will be a corporation, limited liability company, or partnership, “**you**,” “**your**” and “**Franchisee**” will also mean the owners, shareholders, members, or partners of the corporation, limited liability company, or partnership and any Managing Party (as defined in Item 15).

#### **The Franchisor and Any Parents, Predecessors, and Affiliates and Their Prior Experience**

We are a Colorado corporation formed on January 2, 1996, under the name “IHTAB, Inc.” We changed our name to “TAB Boards International, Inc.” on April 4, 2002. We conduct business under our corporate name and the Trademarks (Item 13). Our principal business address is 11031 Sheridan Boulevard, Westminster, Colorado 80020.

We began offering franchises in January, 1996. Since our inception, we have conducted and will continue to conduct TAB Businesses similar to the TAB Business you will operate through employees and independent contract facilitators (“**Independent Facilitator Coaches**”). Our Independent Facilitator Coaches (who are not TAB employees) facilitate TAB Boards under independent facilitator coach agreements, some of which were assigned to us by our predecessor Direct Communication Service, Inc. (“**DCS**”). We have operated businesses of the type you will operate since our inception. We have not conducted and do not conduct business in any other line of business, but we may do so in the future. We do not offer franchises in any other line of business, but we currently plan to offer area development franchises in the future.

Our registered agent for service of process in Colorado is Jason P. Zickerman and our address for service of process in Colorado is 11031 Sheridan Boulevard, Westminster, Colorado 80020. Our agents for service of process in other states are listed in Exhibit A.

We have no parent companies. We have six affiliates, two of which provide products and services to us or our franchisees.

Our affiliate and wholly-owned subsidiary, IHTAB-Canada, Ltd., is an Alberta, Canada corporation that began operating in 1998. In August, 2004, IHTAB-Canada, Ltd. changed its name to TAB Boards International (Canada), Inc. On January 20, 2006, TAB Boards International (Canada), Inc. was registered in Nova Scotia through an amalgamation and the business is now being conducted under the name TAB Boards International (Canada) Corporation (“**TBIC**”). TBIC’s principal business address is Building 2, Whitemud Business Park, 309 9622 42 Avenue, Edmonton, Alberta, Canada T6E 5Y4. TBIC may spend funds on marketing for prospective franchisees in Canada, but all franchise sales are conducted through us. TBIC has not and does not offer franchises in this or any other line of business, but may do so in the future.

Our affiliate and predecessor DCS is a Missouri corporation that began operating TAB Boards in 1990. DCS was incorporated under the name “Infinite Horizons, Inc.” on May 23, 1990, and changed its name to “Direct Communication Service, Inc.” in January, 2006. DCS has the same principal business address as us. DCS has conducted business under the service marks “Infinite Horizons” and “Infinite Horizons Institute.” We acquired the TAB system and the Trademarks from DCS in 1997. From 1990 until May 1, 1996, DCS developed, researched, tested, and modified the TAB system, and formed and

operated TAB Boards similar to the TAB Boards that you will conduct. DCS has not and does not offer franchises in this or any other line of business, but may do so in the future.

Our affiliate Allen Training Centers, Inc. (“**ATC**”) is a Colorado corporation incorporated on November 24, 2015. ATC has the same principal business address as us. ATC offers training in business management methodology. ATC offered franchises for business management methodology training from its inception until 2019. Except for franchises in business management methodology training, ATC has not and does not offer franchises in this or any other line of business, but may do so in the future.

Our affiliate StratPro, Inc. (“**StratPro**”) is a Colorado corporation incorporated on November 24, 2015. StratPro has the same principal business address as us. StratPro owns and licenses to us a strategic business plan implementation process concentrating on organizational vision, focus, discipline, accountability, and leadership (the “**StratPro Process**”). StratPro has not and does not offer franchises in this or any other line of business, but may do so in the future.

Our affiliate Sun Development Company LLC (“**Sun**”) is a Colorado corporation formed on August 22, 2023. Sun has the same principal business address as us. Sun owns the intellectual property rights for business management methodology training. Sun does not offer franchises in this or any other line of business, but may do so in the future.

Our affiliate 6350 AEF, LLC (“**6350**”) is a Colorado limited liability company formed on January 26, 2006. 6350 manages commercial real estate properties owned by 6350. 6350 does not offer franchises in this or any other line of business.

## **The Franchise**

We offer franchises for the operation of TAB Businesses that use the Licensed Methods to (i) form TAB Boards composed of TAB Members, (ii) facilitate TAB Board Meetings, (iii) provide business coaching sessions, advice, and ancillary business services using the Licensed Methods, and (iv) generate revenue through other existing and future proprietary tools and programs. TAB Businesses are marketed as “The Alternative Board<sup>®</sup>” to the general public. TAB Members may pay a fee to franchisees to assess their businesses (a “**Business Assessment Fee**”), a recurring monthly fee to attend TAB Board Meetings (“**Membership Dues**”), and other amounts in connection with TAB-related services, tools, and programs including, without limitation, the StratPro Process. You will derive revenue from these activities that will be subject to a percentage-based royalty fee (the “**Royalty Fee**”). Revenue that is subject to the Royalty Fee is the “**TAB Revenue**.” TAB Members may also purchase books, Internet-based assessments, newsletters, and other similar materials that we or our affiliates develop from time to time (collectively, “**Supplemental Products and Services**”) from you at fees or prices you determine (Item 16). Supplemental Products and Services are not subject to the Royalty Fee.

We offer three types of franchises for the operation of TAB Businesses. Under the MM TAB Business Franchise, NMM TAB Business Franchise, and Small TAB Business Franchise, you will pay us an initial franchise fee (the “**Initial Franchise Fee**”) (Item 5), the Royalty Fee (Item 6), and other fees (Item 6 and Item 7). The NMM TAB Business Franchise and Small TAB Business Franchise are only available in certain territories that we believe do not contain enough total businesses to meet our requirements for an MM TAB Business Franchise and are only offered in our discretion.

The Licensed Methods are composed of the TAB system, our copyrighted materials, our confidential information and trade secrets, our confidential operations manual (the “**Operations Manual**”), the services, tools, and programs we develop, and any other part of our proprietary

information (Item 14). We reserve the right to change the Trademarks and Licensed Methods at any time in our discretion.

TAB Boards are an alternative to a formal board of directors. You or a contract facilitator (each, a “**Facilitator**”) who has satisfactorily completed our training will promote, form, organize, and facilitate TAB Boards. During the monthly TAB Board Meeting, TAB Members and the Facilitator provide other TAB Members with advice on their challenges and opportunities. Facilitators may also conduct additional business coaching with TAB Members, provide tools we promote or develop to TAB Members, or provide ancillary business services to TAB Members.

You will operate a TAB Business in accordance with the Operations Manual, the Licensed Methods, and our standards pursuant to a TAB Boards International, inc. Franchise Agreement (a “**Franchise Agreement**”) in the form attached to this Franchise Disclosure Document as Exhibit B. Your TAB Business will be granted a specific contiguous geographic area with limited protected rights that contains a certain number of total businesses based on demographic and market information we obtain from one or more outside vendors (a “**Protected Territory**”) (Item 12). In certain limited circumstances in major metropolitan areas, we may not grant a Protected Territory.

Other franchisees may operate under different forms of agreements and our obligations and rights with respect to our other franchisees may differ materially in certain circumstances including, without limitation, marketing requirements. In particular, franchisees who have previously been engaged as Independent Facilitator Coaches may operate under different terms or forms of agreements.

We may pay a referral fee to you, your Facilitators, or your TAB Members if a prospect is referred to us who purchases a TAB Business franchise. Referring parties are not permitted to participate in any sales activity or promotional efforts in order to refer prospects. The referral program is not available in California or Washington and may not be available in other states in the future. We may discontinue the referral program at any time.

### **Market for Your TAB Business**

The market for your TAB Business includes business owners and key executives of companies with an office located in your Protected Territory.

### **Competition**

You will compete with peer group membership organizations and other business coaches, executive trainers, and consultants who offer competitive services and products including other franchised business concepts providing similar products and services.

### **Regulation**

There may be regulations specific to the operation of a TAB Business in your state or your Protected Territory. You must familiarize yourself with these regulations and all federal, state, or local laws of a more general nature that may affect the operation of your TAB Business and businesses generally. You must comply with employment, workers’ compensation, telemarketing, Internet communications, insurance, corporate, tax, licensing, copyright, and similar laws and regulations.

By executing your Franchise Agreement, you represent to us that you have familiarized yourself with the current laws and licensing requirements that govern the operation of a TAB Business in your



Protected Territory and that you will comply with any such current or future laws and licensing requirements before the opening of and during the operation of your TAB Business.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Executive Chairman of the Board of Directors: Allen E. Fishman**

Mr. Fishman has been our Executive Chairman of the Board of Directors since January, 1996. He was our Chief Executive Officer until November, 2008. He is the President and Chairman of the Board of Directors of DCS, the Executive Chairman and President of ATC, the Chief Executive Officer and a Director of Sun, the Chief Executive Officer and a Director of 6350, and the Executive Chairman of StratPro, all since the formation of each entity and all located in Westminster, Colorado.

#### **President, Chief Executive Officer, and Director: Jason P. Zickerman**

Mr. Zickerman has been our Director since April, 2002. He has been our President since January, 2004, and our Chief Executive Officer since November, 2008. He joined us in May, 2001, as our Executive Vice President and Chief Operating Officer. He has been the President of Sun since April, 2002. He has been the Vice President of DCS since April, 2002. All of these positions are or were located in Westminster, Colorado.

#### **Chief Operating Officer: David Scarola**

Mr. Scarola has been our Chief Operating Officer since October, 2022. He was our Chief Experience Officer from May, 2016, to September, 2022. He was our Vice President from April, 2012, to April, 2016. All of these positions are or were located in Westminster, Colorado.

#### **Chief Financial Officer: Raymond S. Goshorn**

Mr. Goshorn has been our Chief Financial Officer since January, 2013. He was our Director of Finance from March, 2009, to December, 2012. Both of these positions are or were located in Westminster, Colorado.

#### **Chief Innovation Officer: Jeffrey Polino**

Mr. Polino has been our Chief Innovation Officer since February, 2013. He joined us in November, 2005, as our Global Business Developer. He was our Vice President of Global Membership Development from April, 2008, to June, 2010, and our Director of Franchise Acquisition from July, 2010, to January, 2013. All of these positions are or were located in Westminster, Colorado.

#### **Chief Marketing Officer: Bernie Moscovitz**

Mr. Moscovitz has been our Chief Marketing Officer since November, 2022. He has been the Chief Executive Officer of W Street Consultants Inc. from September, 2011, to the present. Both of these positions are located in Malaga, Spain.

**Chief Growth Officer: Wayne Baird**

Mr. Baird has been our Chief Growth Officer since January, 2023. He has been the Independent Chair of Stevenston & Taylor since July, 2021. He has been a Director and Business Coach for The Alternative Board NZ since March, 2018. He has been the Director of Strategy for Thirsty Business since August, 2015. All of these positions are located in Hawkes Bay, New Zealand.

**Director of Sales: Jeffrey Scheiffler**

Mr. Scheiffler has been our Director of Sales since May, 2023. He was the Vice President of Operations for SAMCO, LLC from December, 2020, to January, 2023, in Centennial, Colorado. He was a Franchise Consultant for Shyf, LLC from June, 2019, to November, 2020, in Boulder, Colorado. He was a Master Franchisee for TES Franchising, LLC from June, 2006, to May, 2019, in Louisville, Colorado.

**Legal Support Specialist: Amber Paugh**

Ms. Paugh has been our Legal Support Specialist since February, 2020. She was the Office Manager for Alpha Door Systems from August, 2011, to January, 2020, in Brighton, Colorado.

**Global Collaboration and Education Director: Rena Crossley**

Ms. Crossley has been our Global Collaboration and Education Director since March, 2022. She has been a Business Mentor for North Yorkshire Sport Ltd since September, 2017. She was the Business and Personal Development Manager for TAB UK from May 2011 to October 2022. All of these positions are or were located in Harrogate, United Kingdom.

**ITEM 3**

**LITIGATION**

Other than routine collections actions, no litigation is required to be disclosed in this Item 3.

**ITEM 4**

**BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item 4.

**ITEM 5**

**INITIAL FEES**

We offer three franchise models. When you sign a Franchise Agreement for an MM TAB Business Franchise, an NMM TAB Business Franchise, or a Small TAB Business Franchise, you will pay us the Initial Franchise Fee, an initial training fee (the “**Initial Training Fee**”), and a marketing fee (the “**Marketing Fee**”).

### Initial Franchise Fee

You will pay the non-refundable Initial Franchise Fee when you sign your Franchise Agreement. The uniform Initial Franchise Fee is \$44,000.00 for the right to operate an MM TAB Business Franchise, \$29,500.00 for the right to operate an NMM TAB Business Franchise, or \$19,500.00 for the right to operate a Small TAB Business Franchise. Veterans of the United States military will receive a 10% discount on the Initial Franchise Fee.

### Initial Training Fee

You will pay the non-refundable Initial Training Fee of \$24,500.00 for our initial training program (the “**Initial Training Program**”) when you sign the Franchise Agreement. Our Initial Training Program includes online training and up to eight days of training conducted at our headquarters or virtually over a two-week period. The two weeks of the Initial Training Program may be consecutive or separate in our discretion.

### Marketing Fee

You will pay the non-refundable Marketing Fee of \$9,865.00 for an MM TAB Business Franchise, \$8,865.00 for a NMM TAB Business Franchise, or \$7,865.00 for a Small TAB Business Franchise when you sign the Franchise Agreement to account for your marketing costs for the first three months of operation. The Marketing Fee includes the following marketing support: (i) provision of a marketing list for your Protected Territory, (ii) uploading the marketing list to your CRM System (defined below) account, de-duping information, and creating a Mass Marketing Campaign (defined below) target list, (iii) acquiring email addresses for your marketing list when available, (iv) provision of an initial set of marketing collateral materials, (v) obtaining a URL for use in your TAB Business and setting up your Microsite (defined below), and (v) providing you with access to the CRM System, three months of LinkedIn outbound marketing support, and a telemarketing campaign using a third party vendor.

## ITEM 6

### **OTHER FEES**

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
Royalty Fee	20% of the annual Amounts Collected on Your Behalf <sup>2</sup> from \$0.00 to \$125,000.00, and 12% of the annual Amounts Collected on Your Behalf that exceeds \$125,00.00.	Monthly by the tenth business day following the end of each month.	The Amounts Collected on Your Behalf calculation is reset each calendar year.
Minimum Royalty Fee	Beginning on the tenth month after you begin offering services (the “ <b>Start of Service Offering</b> ”), you will pay the greater of (i) the Royalty Fee based on the type of TAB Business franchise you purchase or (ii) the Minimum Royalty Fee (defined below). The Minimum Royalty Fee is	Monthly by the tenth business day following the end of each month.	If you are a transferee or are already a Facilitator, you will begin paying the \$1,800.00 Minimum Royalty Fee for an MM TAB Business Franchise, the \$1,500.00 Minimum Royalty Fee for an NMM TAB Business Franchise, or the \$1,000.00

(1) Type of Fee <sup>1</sup>	(2) Amount	(3) Date Due	(4) Remarks
	(i) \$450.00 from months ten through 13, (ii) \$900.00 from months 14 through 18, (iii) \$1,350.00 from months 19 through 24 for an MM TAB Business Franchise or NMM TAB Business Franchise and \$1,000.00 for a Small TAB Business, and (iv) \$1,800.00 from month 25 through the Term for an MM TAB Business Franchise, \$1,500.00 for an NMM TAB Business Franchise, or \$1,000.00 for a Small TAB Business Franchise (the “ <b>Minimum Royalty Fee</b> ”).		Minimum Royalty Fee for a Small TAB Business Franchise beginning the first day of the first month of your Start of Service Offering.
Expenses for Required Mass Marketing Campaigns and First Year Marketing	\$12,000.00 for an MM TAB Business Franchise, \$10,000.00 for an NMM TAB Business Franchise, or \$8,000.00 for a Small TAB Business Franchise.	As incurred.	This is the estimated total cost of your marketing activities after your first three months of operation.
Member Administration and Support Fee <sup>3</sup>	\$10.00 for each of your TAB Members.	Monthly by the tenth business day following the end of each month.	Beginning on the first day of the month of your Start of Service Offering or as of the date you sign your Franchise Agreement if you are a transferee or are already a Facilitator.
Marketing Development Fee (defined below)	For the first twelve months from your Start of Service Offering, 4% of your Amounts Collected on Your Behalf. Beginning on the thirteenth month from your Start of Service Offering, the greater of (i) \$300.00, or (ii) 4% of your Amounts Collected on Your Behalf for the previous month.	Monthly by the tenth business day following the end of each month.	If you are a transferee or are already a Facilitator, you will pay the greater of (i) \$300.00, or (ii) 4% of your Amounts Collected on Your Behalf for the previous month beginning the first day of the first month of your Start of Service Offering. The Marketing Development Fee is deposited in the Franchise Marketing Account (defined below).
Portion of the Business Assessment Fee	The greater of (i) \$100.00, or (ii) 20% of the activation fee charged to new TAB Members.	When the new TAB Member application is submitted.	You will not pay any additional Royalty Fee or Minimum Royalty Fee on the Business Assessment Fee.

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
Credit Card and EFT Collection Fees	80% of any credit card or EFT fees charged by third parties when your annual Amounts Collected on Your Behalf ranges from \$0.00 to \$125,000.00, and 90% of any credit card or EFT fees charged by third parties when your annual Amounts Collected on Your Behalf exceeds \$125,000.00.	Monthly by the tenth business day following the end of each month.	The Amounts Collected on Your Behalf calculation is reset each calendar year.
International Conference Facilitator Registration Fee <sup>4</sup>	The then-current international conference Facilitator registration fee. The current fee is \$1,500.00.	Annually in the month the fee becomes due, which is currently in July or August of each year.	You will be required to pay the international conference Facilitator registration fee even if you do not attend the international conference.
Technology Fee	The then-current fee. The current fee is \$20.00 per month.	Monthly.	The technology fee is charged for our provision and hosting of your Microsite and may include other services in the future. The technology fee may change upon prior notice to you if we change vendors or we change functionality.
CRM System Fee	The then-current fee. The current fee is \$299.00 per year.	Annually.	The CRM System fee may change upon prior notice to you if the software vendor changes the license fee, we change vendors, or we change functionality. No portion of the CRM System fee will be refunded if your Franchise Agreement expires or is terminated.

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
Domain License Fee	The then-current fee. The current fee is \$47.00 every two years.	Biannually.	We may change the annual domain license fee upon prior notice to you if the vendor changes the license fee or we change vendors. No portion of the annual domain license fee will be refunded if your Franchise Agreement expires or is terminated.
Updating Marketing List	The then-current cost to purchase a new marketing list. The current cost is \$0.28 per record.	Upon your receipt of our invoice.	You will be required to update your marketing list once every 18 months.
Marketing Collateral Materials	The then-current rate. The current fee is \$4.00 each plus shipping.	Upon your receipt of our invoice.	You will be provided with marketing collateral materials for use during your required Marketing Event as part of your Marketing Fee. We may change the marketing collateral materials at any time.
Mentor Travel and Living Expenses	Travel, accommodation, and living expenses incurred while providing support training services.	Upon your receipt of our invoice.	If your mentor provides support training services in person, mentor travel and living expenses are estimated to range between \$1,200.00 and \$2,000.00 per four-day period. The cost may be more or less depending upon the expenses for airfare, food, and accommodations in your Protected Territory. You will pay certain mentor travel and living expenses directly to airlines, restaurants, and hotel providers.

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
Additional Third Party Marketing Expenses	Cost of Owner-to-Owner Sales Training, Outbound LinkedIn Marketing, LinkedIn Sales Navigator License, and mass marketing (telemarketing) campaign.	Upon your receipt of our invoice.	These expenses are paid directly to the vendor providing the service. These are required costs for the first year of operation of your TAB Business.
Additional Marketing Expense to TAB	Nine months of a calling platform service at a cost of \$600.00 per month.	Upon your receipt of our invoice.	Payable to us. If you opt for two telemarketing campaigns during your first twelve months of operation, this obligation may be lowered.
Additional Marketing Support Fee	The then-current fee, depending on the type of support you request.	Upon your receipt of our invoice.	You and we will agree on the cost of any Additional Marketing (defined below) support that you request our marketing or sales department to provide (Item 11).
Mentor Service Fee for Additional Support Training Services	The then-current service fee. The current mentor service fee is \$3,500.00 for four days of support training services.	Upon your receipt of our invoice.	You will not pay a mentor service fee for support training services provided to you as part of the Initial Training Program.
Advanced Coaching Certification	The then-current rate. The current rate is \$2,700.00.	Upon your receipt of our invoice.	We offer a voluntary, six-month advanced coaching program that you may elect to complete.
TAB Promotional Materials	Will vary based on our then-current published price list.	When you place your purchase order. We may deduct the cost from Amounts Collected on Your Behalf.	
Business Franchisee Coaching Service Fees and Expenses	The then-current fee. You will pay this fee if you desire to continue to meet with your business coach or if you fail to meet your Minimum Royalty Fee and we require you to meet with a business coach. The current fee is \$200.00 per month.	As agreed.	You will not pay this fee for business coaching services provided to you as part of the Initial Training Program.

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
Interest	The lesser of 18% per annum or the highest rate of interest allowed by law.	As incurred.	Interest begins to accrue from date of nonpayment or underpayment.
Facilitator Training Fee (defined below) and Expenses	The then-current fee. The current fee is \$3,000.00 to \$5,000.00 plus travel and living expenses.	Two weeks before the beginning of the Facilitator Training (defined below).	Facilitator Training is required before a Facilitator may facilitate a TAB Board Meeting or provide coaching to TAB Members. You may not be reimbursed for any amounts paid to us for Facilitator Training. You may require your Facilitator to pay for travel and living expenses directly to third parties.
Transfer Fee	\$7,500.00.	Upon transfer.	You will also be responsible for paying any applicable referral fees charged by a broker or other referral source and any sales commission that would have been paid to any TAB salesperson working with the party to whom you are transferring your TAB Business.
Renewal Fee	\$5,000.00.	At least 90 days before renewing your right to operate your TAB Business.	Payable when you sign a new Franchise Agreement.
Fee Upon Continuing After Expiration of the Franchise Agreement or Holdover Fee	The greater of the Minimum Royalty Fee or 50% of your Amounts Collected on Your Behalf.	Monthly by the tenth business day of each month.	You will only pay if you continue to operate the TAB Business after the expiration of your Franchise Agreement or any renewal terms.
TAB Quality Review of TAB Board Meetings or Private Coaching Session	Reasonable travel and accommodation expenses of persons conducting the audit.	As incurred.	We have the right, without notice, to review your TAB Board Meetings or private coaching sessions, but we will not charge these fees for more than one review in any 36-month period.



<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Date Due</b>	<b>(4) Remarks</b>
TAB Audit of Your Financial Records	Cost of inspection or audit, plus amount of understatement, if any, due plus interest.	Within seven days of inspection or audit report.	Payable only if you fail to provide us with required reports and records or you understate the amounts due to us by more than 2% in any month.
Indemnification and Costs and Attorneys' Fees	Variable.	As incurred.	You must reimburse us if we are held liable for claims resulting from your TAB Business's operations. You must also pay our attorneys' fees if we take legal action to enforce your Franchise Agreement.
Management Fee for Providing a Certified Facilitator Because of Your Death or Disability	50% of your Amounts Collected on Your Behalf.	As incurred.	Payable only if you or your estate cannot provide an interim Facilitator.
Late Charge	The then-current late fee for non-submittal of reports and the like. The current late fee is \$100.00.	As assessed.	
Early Termination Fee	27% of the remaining Minimum Royalty Fee payments due under the Franchise Agreement.	On the date you elect to terminate your Franchise Agreement.	Due only if you elect to terminate your Franchise Agreement on or after the third anniversary of your Start of Service Offering. You will be required to sign our then-current Voluntary Termination and Release Agreement. You must give TAB written notice of your intent to terminate at least 120 days prior to the date you elect to terminate your Franchise Agreement.
Prospect Exception Fee (defined below)	The greater of (i) \$500.00, or (ii) one month's standard Membership Dues for the Prospect Exception (defined below).	When you recruit a Prospect Exception as a TAB Member.	Payable to either the Franchise Marketing Account or a franchisee with territorial rights to the Prospect Exception's geographic location as appropriate. The Prospect Exception Fee is subject

(1) Type of Fee <sup>1</sup>	(2) Amount	(3) Date Due	(4) Remarks
			to change in our reasonable discretion.

Notes:

1. Fees Paid to Us. Except where otherwise noted, all fees and costs are payable to us or our designee and are non-refundable. All fees are uniform unless otherwise noted. We may reasonably increase any fees due from you and any charges for products, materials, and services provided to you from time to time. Annual increases in the Minimum Royalty Fee will be limited to the percentage increase in the Consumer Price Index. The Royalty Fee percentage is not subject to any increases. Unless otherwise noted in Item 6, all franchisees pay any described fee.

2. Amounts Collected on Your Behalf. We invoice, charge, and collect TAB Revenue from your TAB Members (“**Amounts Collected on Your Behalf**”) through our billing and collection services. We send reminder notices to invoiced TAB Members who do not pay on time. We collect TAB Revenue one month in advance from TAB Members. Any additional expenses incurred that are necessary for collection from TAB Members, such as using personnel to make collection calls or payments to collections firms, will not be incurred without your approval. You will be charged for such expenses only after we receive your approval to engage in collection activities. If your TAB Members pay by credit card or EFT, you will pay the applicable percentage of fees charged by third parties based on your TAB Revenue. We will pay you the balance of Amounts Collected on Your Behalf on approximately the tenth business day of each month after deducting all fees owed to us. If the amount of the funds we receive is not sufficient to pay the applicable fees in any given month and you fail to pay the amounts when due, we may deduct the amounts due, plus any applicable penalties or interest, from future Amounts Collected on Your Behalf in addition to any other rights or remedies we may have.

3. Member Administration and Support Fee. The member administration and support fee is for certain services and administrative and tracking functions including, without limitation, billing activities, that we provide (Item 11).

4. International Conference Facilitator Registration Fee. The international conference Facilitator registration fee includes attendance for up to two people.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT – MM TAB BUSINESS FRANCHISE<sup>1</sup>

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee for an MM TAB Business Franchise <sup>2</sup>	\$44,000.00.	Cash or certified funds.	Upon signing Franchise Agreement.	Us.
Initial Training Fee <sup>3</sup>	\$24,500.00.	Cash or certified funds.	Upon signing Franchise Agreement.	Us.

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Marketing Fee <sup>4</sup>	\$9,865.00	Cash or certified funds.	Upon signing Franchise Agreement.	Us.
Mentor's Travel and Living Expenses <sup>5</sup>	\$0.00 to \$4,000.00.	As agreed.	As incurred.	Restaurants, hotels, airlines, etc.
Your Travel and Living Expenses During Initial Training Program <sup>6</sup>	\$0.00 to \$5,000.00.	As agreed.	As incurred.	Restaurants, hotels, airlines, etc.
Equipment <sup>7</sup>	\$0.00 to \$2,400.00.	As agreed.	Within 30 days of signing the Franchise Agreement.	Suppliers.
Supplies, Stationery, and Business Cards <sup>8</sup>	\$250.00 to \$500.00.	As agreed.	As incurred.	Suppliers.
Deposits and Licenses <sup>9</sup>	\$0.00 to \$600.00.	As agreed.	As incurred.	Third parties.
Website Fees for Three Months from the Start of Service Offering	\$60.00.	As agreed.	As incurred.	Suppliers.
Accounting and Professional Fees <sup>10</sup>	\$0.00 to \$3,500.00.	As agreed.	As incurred.	Professionals.
Additional Funds for First Three Months After the Start of Service Offering <sup>11</sup>	\$1,700.00 to \$2,225.00.	As agreed.	As incurred.	Suppliers, insurance carriers, restaurants, hotels, airlines, or other third parties.
<b>Total Estimated Initial Investment</b> <sup>12</sup>	<b>\$80,375.00 to \$96,650.00.</b>			

**YOUR ESTIMATED INITIAL INVESTMENT – NMM TAB BUSINESS FRANCHISE<sup>1</sup>**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee for an NMM TAB Business Franchise <sup>2</sup>	\$29,500.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Initial Training Fee <sup>3</sup>	\$24,500.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Marketing Fee <sup>4</sup>	\$8,865.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Mentor's Travel and Living Expenses <sup>5</sup>	\$0.00 to \$4,000.00.		As incurred.	Restaurants, hotels, airlines, etc.
Your Travel and Living Expenses During Initial Training Program <sup>6</sup>	\$0.00 to \$5,000.00.	As agreed.	As incurred.	Restaurants, hotels, airlines, etc.

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Equipment <sup>7</sup>	\$0.00 to \$2,400.00.	As agreed.	Within 30 days of signing the Franchise Agreement.	Suppliers.
Supplies, Stationery, and Business Cards <sup>8</sup>	\$250.00 to \$500.00.	As agreed.	As incurred.	Suppliers.
Deposits and Licenses <sup>9</sup>	\$0.00 to \$600.00.	As agreed.	As incurred.	Third parties.
Website Fees for Three Months from the Start of Service Offering	\$60.00.	As agreed.	As incurred.	Suppliers.
Accounting and Professional Fees <sup>10</sup>	\$0.00 to \$3,500.00.	As agreed.	As incurred.	Professionals.
Additional Funds for First Three Months After the Start of Service Offering <sup>11</sup>	\$1,700.00 to \$2,225.00.	As agreed.	As incurred.	Suppliers, telephone carriers, insurance carriers, restaurants, hotels, airlines, or other third parties.
<b>Total Estimated Initial Investment<sup>12</sup></b>	<b>\$64,875.00 to \$81,150.00.</b>			

**YOUR ESTIMATED INITIAL INVESTMENT – SMALL TAB BUSINESS FRANCHISE<sup>1</sup>**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee for a Small TAB Business Franchise <sup>2</sup>	\$19,500.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Initial Training Fee <sup>3</sup>	\$24,500.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Marketing Fee <sup>4</sup>	\$7,865.00.	Cash or certified funds.	Upon signing the Franchise Agreement.	Us.
Mentor's Travel and Living Expenses <sup>5</sup>	\$0.00 to \$4,000.00.	Cash or certified funds.	As incurred.	Restaurants, hotels, airlines, etc.
Your Travel and Living Expenses During Initial Training Program <sup>6</sup>	\$0.00 to \$5,000.00.	As agreed.	As incurred.	Restaurants, hotels, airlines, etc.
Equipment <sup>7</sup>	\$0.00 to \$2,400.00.	As agreed.	Within 30 days of signing the Franchise Agreement.	Suppliers.
Supplies, Stationery, and Business Cards <sup>8</sup>	\$250.00 to \$500.00.	As agreed.	As incurred.	Suppliers.
Deposits and Licenses <sup>9</sup>	\$0.00 to \$600.00.	As agreed.	As incurred.	Third parties.

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Website Fees for Three Months from the Start of Service Offering	\$60.00.	As agreed.	As incurred.	Suppliers.
Accounting and Professional Fees <sup>10</sup>	\$0.00 to \$3,500.00.	As agreed.	As incurred.	Professionals.
Additional Funds for First Three Months After the Start of Service Offering <sup>11</sup>	\$1,700.00 to \$2,225.00.	As agreed.	As incurred.	Suppliers, telephone carriers, insurance carriers, restaurants, hotels, airlines, or other third parties.
<b>Total Estimated Initial Investment<sup>12</sup></b>	<b>\$53,875.00 to \$70,150.00.</b>			

Notes:

1. General. These expenses assume that you will operate your TAB Business out of your home or existing office space without incurring additional rental expenses. You will pay all associated processing charges for any initial fees paid to us or our affiliates by credit card or EFT. All fees imposed by us or our affiliates are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.

2. Initial Franchise Fee. The Initial Franchise Fee is non-refundable (Item 5).

3. Initial Training Fee. The Initial Training Fee is non-refundable and includes online training and up to eight days of training at our headquarters or virtually.

4. Marketing Fee. The Marketing Fee is non-refundable and is for services including, without limitation, generating a list of potential TAB Members in your Protected Territory, acquiring email addresses, our provision of initial promotional materials, your use of a CRM System account, the creation of an Internet presence, three months of outbound LinkedIn Marketing, and one Mass Marketing campaign.

5. Mentor's Travel and Living Expenses. If you receive in person support training services, you will pay the travel and living expenses during your initial required Mass Marketing Campaign. The travel and living expenses will vary by factors including, without limitation, the cost of air travel, restaurant expenses, and accommodations in your Protected Territory. In rare circumstances, the estimate may be exceeded for particularly expensive markets.

6. Travel and Living Expenses. Travel and living expenses during the Initial Training Program, the advanced business development training, and the StratPro Process training will vary for factors such as traveling distance, method of travel, and your choice of accommodations if the training is not conducted virtually. The low estimate assumes either virtual training or that you live near the site of the Initial Training Program, advanced business development training, and StratPro Process training and return home at night. The high estimate assumes travel by air and lodging in a quality hotel.

7. Equipment. This item includes the estimated cost to equip your TAB Business with computer hardware, software, and additional miscellaneous office equipment. The low estimate assumes

you already own equipment that you can use in your office and for your initial Marketing Events (defined below). The high estimate assumes you purchase new equipment.

8. Supplies, Stationery, and Business Cards. The low estimate assumes you need few additional supplies. The high estimate assumes you need a significant amount of additional supplies. Supplies do not include TAB promotional items or any other designated materials.

9. Deposits and Licenses. Starting your TAB Business may require you to pay for various deposits or licenses. Deposit and license fees and requirements will vary depending upon the location of your Protected Territory.

10. Accounting and Professional Fees. You may require various accounting, legal, or professional services to set up your TAB Business.

11. Additional Funds for Three Months After Your Start of Service Offering. Your Start of Service Offering will generally be the first day of the month after you complete your Initial Training Program (Item 11). This is an estimate of the additional funds necessary for the first three months after your Start of Service Offering. This item includes a variety of expenses and working capital items during your start-up phase including, without limitation, the cost of a meeting room and food and beverages for up to eight Marketing Events held during your required initial Mass Marketing Campaign, insurance, and other miscellaneous costs. These figures do not include rent, salaries, Royalty Fees, TAB Member administration and support fees, Marketing Development Fees, or debt service (Item 6). These figures are estimates and we cannot guarantee that you will not have additional expenses starting your TAB Business or incurred during the initial operating period of your TAB Business operations.

12. Total Initial Investment. We have relied on our experience and the experiences of our franchisees to prepare these figures. You should review these figures carefully with a business advisor before you decide to purchase a TAB Business franchise. These figures are estimates and we cannot guarantee that you will not incur additional costs.

## **ITEM 8**

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

#### **Approved Suppliers and Specifications**

You will establish and operate your TAB Business in compliance with your Franchise Agreement and the Operations Manual we loan to you. You will purchase all goods, products, services, supplies, inventory, equipment, and materials required for the operation of your TAB Business from manufacturers, suppliers, or distributors we approve, or from other manufacturers, suppliers, or distributors that meet our specifications and standards of quality, appearance, and service and adequately demonstrate the ability to supply the needs of TAB Businesses in a timely and reliable manner. The items required to be purchased from us or our designated suppliers are listed below in this Item 8. Some of the approved manufacturers, suppliers, or distributors may be affiliated with us. We have imposed these requirements to ensure quality and uniformity.

Approved manufacturers, suppliers, distributors, goods, products, services, supplies, inventory, equipment, and materials may be designated in the Operations Manual. We may modify the list of approved manufacturers, suppliers, distributors, goods, products, services, supplies, inventory, equipment, and materials. You will notify us if you wish to purchase or lease any goods, products, services, supplies, inventory, equipment, and materials not approved by us or from non-designated manufacturers, suppliers,

or distributors. These goods, products, services, supplies, inventory, equipment, and materials and non-designated manufacturers, suppliers, and distributors must meet our specifications. We may require you to submit sufficient information or samples to determine whether these goods, products, services, supplies, inventory, equipment, materials, non-designated manufacturers, suppliers, and distributors meet our specifications. We do not currently charge a fee for this review, but we reserve the right to do so in the future. Our standards and specifications may impose minimum requirements for delivery, performance, design, and appearance. We will advise you within a reasonable time after your request whether you may purchase different goods, products, services, supplies, inventory, equipment, and materials or use different manufacturers, suppliers, or distributors based on our specifications. Our specifications will be made available to you upon your request. We may revoke our approval by providing you with notice. Neither we nor any of our officers own an interest in or are presently affiliated with any approved or designated manufacturers, suppliers, or distributors. We may change our standards and specifications, or manufacturers, suppliers, or distributors who have our authorization at any time.

### **Required Purchases**

#### **TAB Promotional Materials**

You will purchase promotional materials (the “**TAB Promotional Materials**”) directly from us or Pro-Forma, our current designated supplier. We may change our designated supplier at any time. A “**Start-Up Kit**” may include, without limitation, pocket folders, TAB Member survey infographics, TAB Member testimonial fliers, and TAB Member case studies. A “**New Member Kit**” includes notebooks or folders and new TAB Member information. We may change the contents of the Start-Up Kit or New Member Kit at any time. TAB Promotional Materials may include Start-Up Kits, New Member Kits, brochures, books, videos, DVDs, slides, forms, and other materials used by you in your TAB Business. You will maintain TAB Promotional Materials at all times in the amounts stated in the Operations Manual. We provide the initial Start-Up Kits and New Member Kits (through our designated supplier) at no cost to you except for shipping charges.

#### **CRM System**

You will sublicense the customer relationship management system (the “**CRM System**”) from us. We currently license our CRM System from Pipedrive Inc., but we may change vendors in the future. You will sign a CRM System Use Agreement and pay the CRM System fee to us or our designated suppliers when you sign a Franchise Agreement (Exhibit C).

#### **Microsite**

You will license a microsite for your TAB Business (the “**Microsite**”) from us. You will sign a Microsite Service Authorization and pay the monthly fee to us or our designated suppliers (Exhibit J).

#### **Computer Hardware**

If you do not already have a suitable computer, you will purchase or lease a laptop computer with the specifications described in Item 11. You may purchase or lease this computer from any supplier you choose.

#### **Insurance**

You will maintain the following minimum insurance coverage during the term of your Franchise Agreement:

1. Comprehensive public/general liability and property damage insurance including personal and bodily injury liability, contractual liability, employer's liability, and owner's and contractor's protective insurance coverage for the activities conducted by you, any employee, or any other person performing work for your TAB Business with a policy limit of at least \$1,000,000.00 per occurrence or other amounts as we specify in the Operations Manual;

2. Automobile and comprehensive liability insurance with limits of at least \$100,000.00 combined single limit of liability including hired and non-owned auto liability for bodily injury and property damage or other amounts as we specify in the Operations Manual for bodily and property injury or other amounts as we specify in the Operations Manual; and

3. Workers' compensation or similar insurance as required by law.

All insurance coverage will be maintained under one or more policies of insurance issued by insurance carriers with a performance rating acceptable to us. All insurance policies will (i) name us as an additional insured, (ii) contain a waiver by the insurance carrier of all subrogation rights against us, our affiliates, officers, directors, and employees, and (iii) provide us with 30 days' written notice before termination, cancellation, expiration, or modification. We may increase the minimum protection requirements as of the renewal date of any policy and may require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, upon 30 days' notice.

### **Payments**

Purchases made by our franchisees from us for the 2023 fiscal year totaled \$148,541.00 and equaled 2% of our total revenue of \$6,505,014.00 for the fiscal year. Our affiliates did not receive any gross revenue from purchases by our franchisees. We estimate that the costs of your purchases from designated or approved manufacturers, suppliers, or distributors according to our standards and specifications will range from 34% to 78% of the total cost of establishing your TAB Business and approximately 2% to 3% of the total cost of operating your TAB Business afterwards.

We may negotiate purchase programs through which you can purchase items that meet our specifications. We currently negotiate purchase arrangements with Pro-Forma including price terms. We may receive a commission on the sale of items sold under our purchase programs to franchisees by the manufacturer, supplier, or distributor, on the compilation of mailing lists by outside suppliers and on items sold by us (that may include, without limitation, our handling charge). During our 2023 fiscal year, we received \$79,536.00 in gross revenues from manufacturers, suppliers, or distributors based on purchases by franchisees. You may or may not receive any material benefits based on your use of designated or approved manufacturers, suppliers, or distributors. Except as described above, we did not derive income based on any required purchases or leases in 2023.

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## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
a) Site selection and acquisition/lease	Section 2.1.	Item 11.
b) Pre-opening purchases/leases	Sections 5.1, 7.1, and 8.3.	Items 5 and 7.
c) Site development and other pre-opening requirements	Not applicable.	Not applicable.
d) Initial and ongoing training	Sections 7.1 and 8.1.	Item 11.
e) Opening	Section 8.	Item 11.
f) Fees	Section 5.	Items 5, 6, and 7.
g) Compliance with standards and policies/Operations Manual	Sections 1.1, 6.4, 8.5, 8.8, 9, and 10.	Item 11.
h) Trademarks and proprietary information	Section 13.	Items 13 and 14.
i) Restrictions on products/services offered	Section 8.8.	Items 8 and 16.
j) Warranty and customer service requirements	Section 8.6.	Item 16.
k) Territorial development and sales quotas	Sections 2 and 9.5.	Item 12.
l) Ongoing product/service purchases	Section 8.8.	Item 8.
m) Maintenance, appearance, and remodeling requirements	Not applicable.	Not applicable.
n) Insurance	Section 15.1.	Items 6 and 8.
o) Advertising	Section 10.	Item 11.
p) Indemnification	Section 15.2.	Item 6.
q) Owner's participation/management/staffing	Sections 8.1, 8.9, 11, and 16.	Item 15.
r) Records/reports	Section 12.	Item 6.
s) Inspections/audits	Sections 12.3.	Item 6.
t) Transfer	Section 16.	Item 17.
u) Renewal	Section 4.	Item 17.
v) Post-termination obligations	Section 17.6.	Item 17.
w) Non-competition covenants	Section 14.2.	Item 17.
x) Dispute resolution	Section 18.	Item 17.

## ITEM 10

### FINANCING

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

## **ITEM 11**

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

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

#### **Assistance Before Your Start of Service Offering**

The Start of Service Offering is generally the first day of the first full calendar month following your completion of the Initial Training Program. Before the Start of Service Offering, we, our affiliates, or our designees will:

1. Designate your Protected Territory (Section 2.1(a) of the Franchise Agreement and Item 12);
2. Provide you with online study materials prior to your attending the portion of the Initial Training Program conducted at our headquarters (Section 6.2(c) of the Franchise Agreement and Item 11);
3. Provide the portion of the Training Program conducted at our headquarters. You will pay the Initial Training Fee (Section 7.1(a)(1) of the Franchise Agreement, Item 5, and Item 7);
4. Provide you access to the Operations Manual (Section 6.4 of the Franchise Agreement);
5. Provide you with initial sets of Start-Up Kits and New Member Kits. The cost of these kits is included in your Initial Marketing Fee. You will pay the then-current rates for additional Start-Up Kits or New Member Kits plus shipping charges (Section 6.2(e) of the Franchise Agreement);
6. Provide you with a sublicense to use the CRM System. You will pay the CRM System fee (Section 6.2(f) of the Franchise Agreement and Item 7);
7. Provide you with a Microsite. You will pay the associated fee (Section 6.2(g) of the Franchise Agreement and Item 7);
8. Provide access to the Facilitator Intranet (Section 6.2(h) of the Franchise Agreement and Item 7);
9. Assign you a designated business coach to provide the New TAB Franchisee Business Coaching Services (defined below). We may assign a different business coach to you at any time (Section 7.1(a)(4) of the Franchise Agreement, Item 6, and Item 7); and
10. Provide guidance, strategy, and advice for your TAB Business at your reasonable request during our regular business hours via telephone, email, or other means we determine (Section 6.2(i) of the Franchise Agreement).

#### **Assistance After Your Start of Service Offering**

After the Start of Service Offering and during the operation of your TAB Business, we, our affiliates, or our designees will:

1. Provide marketing support for your required Mass Marketing Campaigns. You will pay the Marketing Fee and any additional applicable Additional Marketing support fees (Section 9.3(a) of the Franchise Agreement and Item 5);
2. Provide support training services for up to eight days in your Protected Territory. You will pay the mentor's travel and living expenses (Section 7.1(a)(2) of the Franchise Agreement, Item 5, and Item 7);
3. Invoice and charge your TAB Members for Membership Dues and Business Assessment Fees in advance each month or quarter, develop, produce, and distribute to you and your TAB Members the "Tips from the Top<sup>®</sup>" newsletter, send, review, and evaluate periodic surveys or evaluations to TAB Members, provide access to a TAB Member Intranet, provide periodic reports or newsletters for franchisees with ideas and advice about your TAB Business, and provide various membership administrative functions. You will pay the member administration and support fees for these services (Section 6.3(a) of the Franchise Agreement and Item 6);
4. Produce an annual international conference for franchisees, Facilitators, and Independent Facilitator Coaches in our discretion. You will pay an international conference registration fee for any international conference. We may also produce a conference for TAB Members. There may be additional fees to attend if we produce a conference for TAB Members (Section 7.2 of the Franchise Agreement and Item 6);
5. Provide you with public relations release formats, local marketing plans, and materials, including newspaper advertisements, radio commercials, sales aids, and other promotional and marketing materials in our discretion (Section 6.3(d) of the Franchise Agreement);
6. Provide you with up to two days of advanced business development training as we may determine from time to time at our corporate headquarters, other locations, or virtually (Section 7.1(a)(3) of the Franchise Agreement and Item 11);
7. Provide you with the StratPro Process training as we may determine from time to time at our corporate headquarters, other locations, or virtually (Section 6.3(h) of the Franchise Agreement and Item 11);
8. Provide you with Continuing Advanced Training (defined below) as we may determine from time to time in person or via telephone, email, videoconference, webinar, or any other means we elect (Section 7.1(c) of the Franchise Agreement and Item 11);
9. Provide you with Facilitator Training for your Facilitators subject to availability. You will pay the then-current Facilitator Training Fee (defined below) (Section 7.3 of the Franchise Agreement, Item 6, and Item 11);
10. Make a representative reasonably available to you via telephone or email during our normal business hours as we determine is necessary to discuss your TAB Business and offer marketing, strategic, or general advice for your TAB Business. You are responsible for any applicable charges for any additional assistance or resources (Section 6.3(i) of the Franchise Agreement); and
11. We may develop new services and offerings from time to time for use in your TAB Business including Supplemental Products and Services (Section 6.3(j) of the Franchise Agreement).

## **Advertising and Marketing**

You may create your own advertising materials and advertise locally within your Protected Territory. All of your advertising will be in media of a type, format, and manner of communication that we approve and conform to the standards and requirements we specify in the Operations Manual. You will not use any advertising materials until you receive our written approval. We will approve or disapprove of your advertising materials within ten business days of the date we receive the advertising materials. You will not post any advertisements on the Internet or use any of our Trademarks as part of a domain name anywhere on the Internet or on any advertising materials without our approval.

You are not required to participate in any local or regional advertising cooperatives. We have a Marketing Advisory Board (the “**MAB**”) as described below.

We may use any aspect of your TAB Business as part of our marketing materials including, without limitation, seeking testimonials from your TAB Members.

## **First Year Local Marketing Requirement**

You will engage in marketing activities for your TAB Business including, without limitation, conducting one required initial Mass Marketing Campaign during the first year following the Start of Service Offering. Upon completion of your initial Mass Marketing Campaign, you will conduct additional marketing, prospecting, and sales activities and programs for your TAB Business that may include, without limitation, an additional Mass Marketing Campaign per the guidelines set forth in the Operations Manual (the “**Additional Marketing**”) for the balance of your first year of operation. You will pay for all marketing activities for your TAB Business.

## **Mass Marketing Campaigns and Marketing Support**

A mass marketing campaign is a marketing campaign to solicit prospects in your Protected Territory to attend a Marketing Event (defined below) or a One-on-One Meeting (defined below) to become TAB Members (a “**Mass Marketing Campaign**”). You will conduct an initial Mass Marketing Campaign and may conduct an additional Mass Marketing Campaign during your first year of operation. We will provide marketing support to assist you with your Mass Marketing Campaigns as described in the Operations Manual. The provided marketing support for the initial Mass Marketing Campaign currently includes (i) acquiring a marketing list as defined in the Operations Manual for your Protected Territory, (ii) uploading the marketing list to your CRM System account, de-duping information, and creating a Mass Marketing Campaign target list, (iii) acquiring emails for your marketing list when available, (iv) an initial set of Marketing Collateral Materials, (v) obtaining a URL for use in your TAB Business, and (vi) setting up your Microsite and providing you with access to the CRM (collectively, the “**Marketing Support**”). The Marketing Support will be provided as described in the Operations Manual. We have the right to change the Marketing Support at any time.

## **Marketing Events and One-on-One Meetings**

“**Marketing Events**” are group events that potential TAB Members in your Protected Territory are invited to attend to learn about the value of becoming a TAB Member. You are expected to provide meeting rooms and supply food and beverages. These expenses range from approximately \$0.00 to \$500.00 per Marketing Event. We recommend that you use a host such as a bank for your Marketing Events to assist with these costs. The high estimate assumes that you will pay all expenses for Marketing Events. The low estimate assumes that your host pays all expenses. “**One-on-One Meetings**” are

typically short meetings to bond with a potential TAB Member, educate them on TAB membership, and schedule a subsequent meeting to formally recruit the potential TAB Member.

### **Conducting a Mass Marketing Campaign**

Our Operations Manual describes the Mass Marketing Campaign process and tactics for your use in conducting the required Mass Marketing Campaign. You will use telemarketing services as part of your required initial Mass Marketing Campaign and may be required to use telemarketing services as part of a second Mass Marketing Campaign. The cost of the telemarketing services ranges from \$3,800.00 to \$5,000.00 (Item 7) per Mass Marketing Campaign. The initial telemarketing campaign will be funded by the Initial Marketing Fee.

### **Additional Marketing**

Beginning the month after you complete your initial Mass Marketing Campaign (typically, between the fourth and fifth month after the Start of Service Offering), you will conduct the Additional Marketing for the balance of the first year of operation. Our current guidelines require that you conduct marketing, prospecting, and sales activities and programs each month to a *pro rata* portion of your marketing list. If you have a balance left over after your initial Mass Marketing Campaign, it will be applied to additional marketing activities until the balance is exhausted, after which point you will be responsible for paying the expenses of additional marketing activities.

### **Marketing Advisory Board**

The MAB currently consists of up to ten franchisees and up to three of our representatives. The MAB advises on general marketing activities and the Marketing Development Fee (defined below). We and the MAB chairperson solicit franchisees to participate on the MAB with the participation of the Franchisee Advisory Board (the “**FAB**”). We select our representatives with input from the MAB members. The MAB may be dissolved upon the mutual approval of the FAB and us. Changes to the by-laws of the FAB (of which the MAB is an operating committee) require an affirmative vote of a majority of the FAB council members and us.

### **Marketing Development Fee**

Beginning on the first month that you begin to pay our Royalty Fee, you will begin to pay us a monthly marketing development fee (the “**Marketing Development Fee**”). For the first twelve months after the Start of Service Offering, the amount of the Marketing Development Fee is 4% of your Amounts Collected on Your Behalf. Beginning on the thirteenth month after the Start of Service Offering, the Marketing Development Fee is the greater of (i) \$300.00, or (ii) 4% of your Amounts Collected on Your Behalf. We will deposit the Marketing Development Fee into a segregated commercial or savings bank account (the “**Franchise Marketing Account**”). The Marketing Development Fee will not be credited towards your marketing commitment.

The Franchise Marketing Account may be used for, without limitation, production and placement of media advertising, media relations salaries, administrative costs, and creating and testing direct response literature, social media, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures including agency costs, commissions, and other similar expenses. Advertising may be placed in local, regional, or national media of our choice including, without limitation, print, direct mail, radio, online media, email messaging, or television. The Franchise Marketing Account will not be used to solicit franchisees. We will send you an annual unaudited financial statement for the Franchise Marketing Account that indicates how the Franchise Marketing

Account has been spent during the past fiscal year at your request. We do not have the Franchise Marketing Account audited and audited financial statements are not available. We assume no other direct or indirect liability or obligation to collect amounts due to the Franchise Marketing Account or to maintain, direct, or administer the Franchise Marketing Account.

We administer the Franchise Marketing Account. We may be reimbursed from the Franchise Marketing Account for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Franchise Marketing Account and its programs including, without limitation, conducting market research, preparing material, social media, and other programs and administrating, collecting, and accounting for Franchise Marketing Account contributions. We have used in-house personnel in the past to create written press releases, audio and direct mail advertising, and social media and may continue this practice in the future. We may self-reimburse for certain expenses including, without limitation, salaries for such services.

During our 2023 fiscal year, the Franchise Marketing Account spent approximately 9% on administration, 37% on advertising, 4% on newsletters, 6% on public relations and social media, and 44% on search engine marketing and web development. In any fiscal year, an amount greater or less than the aggregate contribution of all TAB Businesses to the Franchise Marketing Account may be spent in that year.

The Franchise Marketing Account may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms we determine. We may reimburse such loans from the Franchise Marketing Account. Any amounts that remain in the Franchise Marketing Account at the end of each year accrue and we may apply them toward the next year's expenses. We may borrow excess funds from the Franchise Marketing Account to support other efforts to develop the Licensed Methods periodically in our discretion.

We do not guarantee that advertising expenditures from the Franchise Marketing Account will benefit you or any other franchisee directly or on a *pro rata* basis. We undertake no obligation to ensure that Franchise Marketing Account expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to its contribution to the Franchise Marketing Account from the development of advertising and marketing materials or the placement of advertising.

### **Computers and Other Electronic Systems**

You will own or lease a laptop computer manufactured no more than five years from the date you sign the Franchise Agreement. The computer will have a DisplayPort, HDMI or USB-C to Display video output, a minimum of 4 GB of RAM, and a minimum of 256 GB HDD/SSD for use in your TAB Business. You are not currently required to obtain your computer from any specific vendor. You are not required to use any particular operating system. You will have a recent copy of the Microsoft Office software suite, broadband access to the Internet, an installed web browser on a version released within the past year, a printer, a mobile phone using the IOS or Android operating system, and any other equipment as may be required by the Operations Manual. The estimated cost for the computer and other electronic systems is \$2,000.00.

You will use our designated CRM System. You will pay a CRM System fee (currently, \$250.00 per year) and sign a CRM System Use Agreement (Exhibit C). The CRM System fee may change in the future in our discretion. Our approved CRM System supplier may provide normal system maintenance and updates for the CRM System from time to time. We or our approved supplier may upgrade the CRM System from time to time. We are under no obligation to provide you with any ongoing service related to

the CRM System. We may require you to update, upgrade, or change your computer and the CRM System you use in your TAB Business to conform to new standards or specifications at your expense and on a schedule that we determine. You may be required to upgrade your computer or purchase a new computer as technology improves. No contractual limit exists on the frequency or cost of this obligation.

You will maintain current information about matters like the status and responses to your Mass Marketing Campaigns and other marketing, sales, and prospecting efforts in your CRM System. We do not require access to your records on your computer, but we may require you to give us information through your computer or authorize remote access. We have independent access to the information stored in the CRM System that includes, without limitation, potential TAB Member leads, status, TAB Member data, activity levels, and other relevant notes. The data generated or stored by the CRM System includes TAB Members' names, addresses, contact information, and payment methods. All personally identifiable information is collected and stored in compliance with applicable privacy regulations. All financial information is collected and stored in compliance with PCI-DSS standards.

You will license a Microsite for your TAB Business from us. You will pay the Microsite URL set-up fee (included as part of the Initial Marketing Fee) and a technology fee of \$20.00 per month. You will also sign a Microsite Service Authorization (Exhibit J).

### **Office Location Assistance**

You may locate the office for your TAB Business in your home or any place within your Protected Territory. Although you may establish an office outside your home, you are not required to do so. If you decide to lease office space for your TAB Business, we recommend an executive suite with a shared receptionist and conference room. The office need not be located in a central business district. The office location will be equipped according to our standards and specifications.

### **Start of Service Offering**

If you are a new franchisee purchasing a franchise directly from us, the Start of Service Offering is generally the first day of the first month after you successfully complete the Initial Training Program as set out in Exhibit I of your Franchise Agreement. If you are purchasing a franchise from another franchisee or if you are a Facilitator engaged by either a TAB franchisee or us in a geographic area that includes some part of your Protected Territory or you are renewing your right to operate your TAB Business, the Start of Service Offering is the date specified in Exhibit I of your Franchise Agreement.

We estimate that the typical length of time between signing a Franchise Agreement and the day a TAB Business begins operating will be approximately ten to 75 days. The primary factor that affects this time is your availability and the scheduling of our Initial Training Program.

### **Training Information**

The Initial Training Program consists of online training and up to eight days of training conducted at our headquarters in our discretion. You will pay the Initial Training Fee for you or your Managing Party to attend the Initial Training Program. In addition to the Initial Training Program, you will also receive support training, advanced business development training, New Franchisee Business Coaching, StratPro Process training, and additional online training.

After you sign your Franchise Agreement and before the Start of Service Offering, you or your Managing Party will attend and complete the Initial Training Program described below to our satisfaction. You will complete the Initial Training Program within six months after signing your Franchise

Agreement. The Initial Training Program is offered over two weeks that may be consecutive or separate. Initial Training Program sessions are planned monthly and subject to change depending on space availability and franchisee attendance level. You may be required to study materials for up to fifty additional hours before, during, and after your classroom training begins. You will receive our certification as a “Certified TAB Facilitator” upon satisfactorily completing the Initial Training Program.

You may have additional participants attend the portion of the Initial Training Program conducted at our headquarters if you pay our then-current fees for each additional participant and receive our prior approval. You will pay all travel, living expenses, and wages that you, your Managing Party, and all of your additional participants incur to complete the Initial Training Program (Items 5 and 7).

The instructional materials include, without limitation, the Operations Manual, slides, videos, online training programs, handouts, audio presentations, and video presentations. The subjects covered in the portion of the Initial Training Program conducted at our headquarters and the approximate amount of time devoted to each subject is listed below. The Initial Training Program may be modified in our discretion. The exact number and distribution of hours of classroom training may vary in our discretion.

#### **TRAINING SCHEDULE**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Introduction • Sharing Personal Vision Statements • Expectations for Training and Beyond	0.75	N/A	Westminster, Colorado or virtually
Understanding a DISC Report	1.25	N/A	Westminster, Colorado or virtually
Debrief a DISC Report	1.25	N/A	Westminster, Colorado or virtually
Onboarding and the First Coaching Session	0.50	N/A	Westminster, Colorado or virtually
Building a Good Board	0.50	N/A	Westminster, Colorado or virtually
Board Meeting Facilitation Overview	1.00	N/A	Westminster, Colorado or virtually
TABenos Exercise	0.50	N/A	Westminster, Colorado or virtually
Successful Business Coaching	1.00	N/A	Westminster, Colorado or virtually
Coaching Session Agendas	1.25	N/A	Westminster, Colorado or virtually
Effective Coaching Skills and Exercises	0.50	N/A	Westminster, Colorado or virtually
The First Coaching Session Role Play	1.75	N/A	Westminster, Colorado or virtually
Coaching Tools	2.25	N/A	Westminster, Colorado or virtually
90 Day Onboarding Process	1.75	N/A	Westminster, Colorado or virtually



<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Role Play – Personal Vision and 90 Day Goal	1.00	N/A	Westminster, Colorado or virtually
Good Facilitation Practices	0.50	N/A	Westminster, Colorado or virtually
Key Coaching Skills and Effective Listening	1.00	N/A	Westminster, Colorado or virtually
Becoming Your Members’ Trusted Advisor	1.50	N/A	Westminster, Colorado or virtually
Facilitating the First TAB Board Meeting	1.25	N/A	Westminster, Colorado or virtually
Board Meeting Experience	3.00	N/A	Westminster, Colorado or virtually
Facilitation Challenges	0.50	N/A	Westminster, Colorado or virtually
Ongoing Board Meeting Protocols	0.50	N/A	Westminster, Colorado or virtually
TAB Brand Overview	1.00	N/A	Westminster, Colorado or virtually
Campaign Operations	1.00	N/A	Westminster, Colorado or virtually
The Integrated Marketing Manual	5.50	N/A	Westminster, Colorado or virtually
Your Sales Experience and Training Expectations	1.00	N/A	Westminster, Colorado or virtually
Begin With the End in Mind	0.50	N/A	Westminster, Colorado or virtually
Why We Lead With Our Offer	0.50	N/A	Westminster, Colorado or virtually
Handling Questions and Objections	0.50	N/A	Westminster, Colorado or virtually
Sales Conversation Skillset	1.50	N/A	Westminster, Colorado or virtually
Conversation Tools	0.50	N/A	Westminster, Colorado or virtually
Starting the IMAP Conversation	2.25	N/A	Westminster, Colorado or virtually
Discovery Meeting Purpose and Executions	1.00	N/A	Westminster, Colorado or virtually
Discovery Meeting Role Play and Debrief	2.50	N/A	Westminster, Colorado or virtually
22 Questions/RFA Purpose and Execution	0.50	N/A	Westminster, Colorado or virtually
22 Questions/RFA Role Play and Debrief	2.00	N/A	Westminster, Colorado or virtually
Quantification and the Close Revisted	0.50	N/A	Westminster, Colorado or virtually

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Debrief 22 Questions	0.50	N/A	Westminster, Colorado or virtually
Post Close Activities	0.50	N/A	Westminster, Colorado or virtually
“Live” Discovery Meetings and Debrief	2.50	N/A	Westminster, Colorado or virtually
Managing Your Pipeline	0.50	N/A	Westminster, Colorado or virtually
What Now?	0.25	N/A	Westminster, Colorado or virtually
Business Builders Blueprint Review	1.50	N/A	Westminster, Colorado or virtually
Role Play First Coaching Session	5.00	N/A	Westminster, Colorado or virtually
Debrief First Coaching Sessions	0.75	N/A	Westminster, Colorado or virtually
The TAB Way	0.50	N/A	Westminster, Colorado or virtually
Wins and Losses – Learning from Field Experiences	1.00	N/A	Westminster, Colorado or virtually
Refreshing the Process	2.00	N/A	Westminster, Colorado or virtually
Reinforcing the Process	2.50	N/A	Westminster, Colorado or virtually
Discovering and Quantification Emotional Motivation	1.00	N/A	Westminster, Colorado or virtually
Effectively Closing on the Next Step	1.00	N/A	Westminster, Colorado or virtually
Your Mindset Workplan	0.50	N/A	Westminster, Colorado or virtually
<b>TOTAL</b>	<b>64.00</b>		

The Initial Training Program is primarily conducted by Bernie Moscovitz, David Scarola, Rena Crossley, Kara Egizi, and Steven Drury. Bernie Moscovitz conducts training relating to marketing. He has been part of the TAB system since 2004 in various capacities including as a franchisee and area developer. David Scarola conducts training relating to the initial operations of a TAB Business, the TAB brand, and personal coaching. He has worked and trained in these areas for over a decade. Rena Crossley conducts training relating to the ongoing operations of a TAB Business. She has been part of the TAB system for over a decade. Kara Egizi conducts training related to the DISC evaluation system. She has been part of the TAB system since 2016. Steven Drury conducts training relating to Member acquisition. He has been part of the TAB system since 2016. All instructors will have at least one year of experience in any subject they teach.

The support training services include (i) providing Marketing Event presentation training and TAB Member acquisition training including, without limitation, acting as the primary presenter for at least one Marketing Event, (ii) training you to conduct One-on-One Meetings with potential TAB Members, (iii) helping you form TAB Boards in the manner we determine, and (iv) other support training

matters we determine. You will receive support training services for up to eight days at times we schedule. We may offer the support training services in person, virtually, or by any other method we determine. You will pay any mentor's associated travel and living expenses. You may request additional support training services at your expense. Our current fee for additional support training services is \$3,500.00 for each four-business-day period.

You or your Managing Party will attend and complete the two-day advanced business development training to our satisfaction. We may offer the advanced business development training in person, virtually, or by any other method we determine. You will complete the advanced business development training at the time we schedule that will generally be immediately prior to our annual international conference traditionally held in August. You will pay for any applicable travel, meal, and living expenses incurred to attend the advanced business development training. There is no additional fee to attend the two-day advanced business development training.

You or your Managing Party will attend and complete the StratPro Process training to our satisfaction. There is no additional fee to attend. We may offer the StratPro Process training in person, virtually, or by any other method we determine. You will complete the StratPro Process training at the time we schedule. You will pay for any applicable travel, meal, and living expenses incurred to attend the StratPro Process training.

You will participate in business coaching starting the month of your Start of Service Offering for the frequency and duration set out in the Operations Manual (the "**New TAB Franchisee Business Coaching Services**"). There is no additional fee for the New Tab Franchisee Business Coaching Services. We will designate a business coach who will coordinate the details of your New TAB Franchisee Business Coaching. You will pay any telephone, Internet, or other communication expenses you incur in connection with your business coaching. New TAB Franchisee Business Coaching Services may be provided in person, virtually, or by any other method we determine. If at any time you do not meet our marketing threshold, we may require you to participate in additional business coaching services. You will pay the then-current fees for additional business coaching.

You will participate in any continuing advanced training we choose to offer in the future (the "**Continuing Advanced Training**"). The Continuing Advanced Training may be provided in person, virtually, or by any other method we determine. You may be required to satisfactorily complete an exam after each Continuing Advanced Training session. We do not charge any fee for the Continuing Advanced Training. You will pay any telephone, Internet, or other communication charges you incur in connection with your Continuing Advanced Training.

If you use Facilitators to facilitate TAB Boards in your Protected Territory, your Facilitators will not facilitate a TAB Board until they have satisfactorily completed the required training for Facilitators (the "**Facilitator Training**"). The Facilitator Training may, in TAB's judgment, be less than the entire Initial Training Program. Prior to any Facilitator attending Facilitator Training, you will pay us the then-current training fee for the Facilitator Training (the "**Facilitator Training Fee**") and submit a fully-executed Contract Facilitator Agreement (defined below) to us. The Facilitator Training Fee is currently \$3,000.00 for coaching and facilitation training and \$5,000 for our full training program including Member acquisition techniques. Your Facilitators can pay their travel and accommodation expenses incurred to attend the Facilitator Training directly to third party providers, but you must pay the Facilitator Training Fee. Facilitator Training is subject to class availability.

We will produce an international conference that you will attend on an annual basis in our discretion. The international conference fee is currently \$1,500.00 for two people to attend, but may change in the future in our discretion. We may require you to attend additional international conferences.

You will not be required to attend more than two international conferences in a calendar year. We may also provide you with marketing best practices or assistance with your marketing plans and marketing budget upon your reasonable request.

### **Operations Manual**

You will operate your TAB Business in compliance with the operational systems, procedures, policies, methods, and requirements in the Operations Manual and any revisions, modifications, or amendments to the Operations Manual. Any physical copies of the Operations Manual in your possession will be kept in a secure place within your TAB Business premises. The Operations Manual and all other manuals or written materials relating to your TAB Business will be returned to us upon termination or expiration of your Franchise Agreement. We may change the Operations Manual in our discretion, but the modifications will not substantially or materially alter your status and rights under the Franchise Agreement. The Operations Manual is confidential and remains our property. At present, the Operations Manual is approximately 200 pages long. The Operations Manual Table of Contents is attached as Exhibit D to the Franchise Disclosure Document.

We may notify you of changes to the Operations Manual by any method including, without limitation, email, posting the modified Operations Manual on the Facilitator Intranet or on our website, or by facsimile transmission. You will check the Facilitator Intranet for changes to the Operations Manual. You will ensure that the Operations Manual is kept current at all times. You will abide by any modifications, changes, additions, deletions, and alterations to the Operations Manual and be responsible for all costs and expenses that you may incur to comply. You may need to purchase updated equipment, products, and supplies at your expense. If there is any dispute as to the contents of the Operations Manual, the master copy of the Operations Manual we maintain at our principal office will control.

### **Establishing Prices**

We do not determine prices charged by our franchisees for goods and services.

### **Approved Suppliers**

We provide assistance with the provision of equipment, signs, fixtures, opening inventory, and supplies as previously described in Item 8. This assistance may be provided directly by us or indirectly by our approved suppliers or suppliers who meet our specifications. We provide the names of approved suppliers in the Operations Manual. We do not provide written specifications for approval. We do not deliver or install any items.

## **ITEM 12**

### **TERRITORY**

#### **The Protected Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control. We will grant you a license to use the Licensed Methods under the Trademarks for the operation of your TAB Business within your Protected Territory. Your Protected Territory will have up to 20,000 total businesses as determined by third party vendors we select. As long as you are in compliance with your Franchise Agreement and subject to the reserved rights described below, we will not engage in or license others to engage in the operation of a TAB Business in the Protected Territory or solicit potential TAB

Members with offices only in the Protected Territory except for potential TAB Members that have a relationship with the soliciting party that either existed before you began operating your TAB Business or developed out of an association that occurred naturally and was not solicited, have been referred to the soliciting party by a TAB Member or other party who personally knows the referred potential TAB Member (as long as the referring party did not solicit the potential TAB Member on behalf of the soliciting party), attended a Marketing Event in the Protected Territory presented by the soliciting party before you began operating your TAB Business, or for whom we may make an exception in our reasonable discretion based on the totality of the circumstances.

You are prohibited from conducting any TAB Board Meetings, coaching for TAB Members, or other TAB Business activities outside your Protected Territory except that your office may be located outside your Protected Territory if it is located in your home. You are prohibited from relocating your TAB Business outside of your Protected Territory.

Your Protected Territory will be designated by certain ZIP codes, postal codes, or counties we designate. Your Protected Territory may differ significantly from the Protected Territories of other franchisees including, without limitation, the geographic size, number of total businesses, and demographics. We only offer NMM TAB Business Franchises in markets that we believe do not have sufficient potential TAB Members to support an MM TAB Business Franchise. We only offer Small TAB Business Franchises in markets that we believe do not have sufficient potential TAB Members to support an MM TAB Business Franchise or an NMM TAB Business Franchise. Your Protected Territory will be described in Exhibit I of the Franchise Agreement.

In certain major metropolitan areas, we may offer a Protected Territory without any exclusivity rights in our discretion. These exceptions will be disclosed to potential franchisees for any such Protected Territory.

### **Minimum Performance Requirements**

Beginning the tenth month from the Start of Service Offering, to maintain the territorial exclusivity of your Protected Territory, you must generate a minimum amount of TAB membership revenue (the “**Minimum Performance Requirement**”) each standard calendar quarter (an “**Assessment Period**”). To maintain territorial exclusivity, you must pay aggregate Royalty Fees in excess of the applicable monthly Minimum Royalty Fees for the Assessment Period. If the tenth month from your Start of Service Offering does not fall in the beginning of an Assessment Period, the Minimum Performance Requirement for your first Assessment Period will be prorated. The Minimum Performance Requirement is not and should not be considered a financial performance representation for your TAB Business. Meeting the Minimum Performance Requirements does not necessarily indicate that you are sufficiently penetrating the market in your Protected Territory or that your TAB Business will be successful; rather, the Minimum Performance Requirement is a threshold minimum amount paid by all franchisees.

We have the right to require you to participate in a remedial process we determine if you fail to meet the Minimum Performance Requirement in a given Assessment Period. We have the right to revoke your exclusive Protected Territory and to operate TAB Businesses or authorize third parties to operate TAB Businesses anywhere within your Protected Territory if you fail to comply with the remedial process or you continue to fail to meet the Minimum Performance Requirement in any two consecutive Assessment Periods or more than four times in any 24-month period.

## **Marketing Rights**

You will only market your TAB Business to potential TAB Members that have an office in your Protected Territory, potential TAB Members for whom you have received our prior written approval to market your TAB Business to, or Prospect Exceptions. You will not use other channels of distribution, including, without limitation, the Internet, telemarketing, or other direct marketing sales to solicit TAB Members outside your Protected Territory without our prior written approval.

The term “**Prospect Exception**” means a potential TAB Member who has a previous or existing social, business, or personal relationship with you, who has been referred to you by a TAB Member or other party who personally knows the referred potential TAB Member (so long as such referring party did not solicit such potential TAB Member outside of your Protected Territory on your behalf), who attended a Marketing Event in your Protected Territory presented by you before the date of your Franchise Agreement if you were an authorized Facilitator before you became a franchisee, or who we otherwise deem a Prospect Exception in our reasonable discretion. We may also deem a potential TAB Member who would otherwise qualify as a Prospect Exception to not be a Prospect Exception in our reasonable discretion. If you recruit a Prospect Exception as a TAB Member, you will pay a fee (the “**Prospect Exception Fee**”) equal to an amount that is the greater of \$500.00 or one month’s standard Membership Dues for the Prospect Exception. Standard Membership Dues are the Membership Dues a TAB Member pays after the conclusion of any introductory promotional Membership Dues reductions or deferments. The Prospect Exception Fee is payable to either the Franchise Marketing Account or a franchisee who has territorial rights to the Prospect Exception’s geographical location as appropriate. The Prospect Exception Fee is subject to change in our reasonable discretion.

If you are in compliance with your Franchise Agreement and the Operations Manual, neither we nor our affiliates will solicit potential TAB Members located in your Protected Territory to join TAB Boards (other than Prospect Exceptions and individuals running companies that have offices both within and outside your Protected Territory), grant franchises for TAB Businesses in your Protected Territory, or authorize other franchisees to solicit potential TAB Members located in your Protected Territory to join TAB Boards (other than Prospect Exceptions and individuals running companies that have offices both within and outside your Protected Territory). There may be pre-existing TAB Business franchisees that do not have an exclusive territory or protected territory and do not have marketing rights operating TAB Boards in your Protected Territory.

## **Ancillary Business Services**

You may provide Ancillary Business services or products to your TAB Members. You may advertise your Ancillary Business services (Item 16) in publications of general circulation within or outside of your Protected Territory if the advertisement does not refer to or contain any of the Trademarks or Licensed Methods. We may require you to submit advertising materials for your Ancillary Business services to us for prior approval. The advertising must be lawful and not violate any consumer protection laws.

## **No Options, Rights of First Refusal, or Right to Relocate**

You have no option, right of first refusal, or similar contractual right to acquire additional TAB Business franchises and no rights to purchase additional TAB Businesses. You have no right to relocate your TAB Business. We will not consider you eligible to purchase additional TAB Businesses unless (i) you are in full compliance of your Franchise Agreement and the Operations Manual at all times, (ii) you demonstrate to us that you meet the marketing threshold based on your tax returns for the previous year (Item 11), and (iii) you meet our then-current qualifications for new franchisees.

## **Reservation of Rights**

### **To Us and Our Affiliates**

The following rights are reserved to us, our affiliates, successors, and assigns:

1. To use and license the use of the Licensed Methods for the operation of TAB Businesses without using the Trademarks anywhere within or outside your Protected Territory;
2. To use and license the use of the Licensed Methods for the offering or provision of Supplemental Products and Services without using the Trademarks anywhere within or outside your Protected Territory;
3. To use the Licensed Methods and Trademarks to market and conduct on an international, nationwide, regional, or local basis, conventions, conferences, briefings, workshops, or seminars for TAB Members or non-TAB Members in person or through electronic media or other forms of communication at any location within or outside your Protected Territory;
4. To have direct communications including, without limitation, conducting research surveys and testing programs with any party within or outside your Protected Territory. Such direct communications may include, without limitation, TAB or its designee contacting you, your TAB Members, and any potential TAB Members served by your TAB Business. You will cooperate by participating in such direct communications as we may reasonably require;
5. To offer, sell, and license, or franchise others to offer and sell products and services that may use the Licensed Methods but do not involve forming or facilitating TAB Boards and do not use the Trademarks or words that are confusingly similar to the Trademarks (“**Other Businesses**”). Other Businesses may be marketed and sold to anyone at any location within and outside your Protected Territory including to your TAB Members and may include, without limitation, business educational briefings, seminars, workshops, business coaching, and consulting services provided to business leaders;
6. To acquire businesses that are the same as or similar to your TAB Business and operate such businesses anywhere within or outside your Protected Territory, and to be acquired by any third party that operates businesses that are the same as or similar to your TAB Business anywhere within or outside your Protected Territory; and
7. To use alternative distribution channels like the Internet to offer and sell products or services that may use the Licensed Methods under the Trademarks or other trademarks anywhere within or outside your Protected Territory. We do not provide compensation to you for providing products and services in your Protected Territory through alternative distribution channels.

### **To Allen E. Fishman**

Mr. Fishman and his successors and assigns reserve the right to give talks, write books, or otherwise communicate information in any form relating to the Licensed Methods and to use the Trademarks anywhere within or outside your Protected Territory.

**To DCS**


DCS and its successors and assigns reserve the right to use any of the methodology, aspects, elements, or know-how of its “Strategic Business Leadership” system (some of which methodology, aspects, elements, and know-how are the same as or materially similar to the TAB system), for any purpose within or outside your Protected Territory.

You will not be entitled to compensation from us, our affiliates, Mr. Fishman, or DCS for any exercise of the reservations of rights described in this Item 12.

**ITEM 13**

**TRADEMARKS**

The Franchise Agreement grants you the nonexclusive right to use the Trademarks in your TAB Business. We own the Trademarks and have registered or applied for registration of the following principal Trademarks with the United States Patent and Trademark Office (the “USPTO”) on the Principal Register:

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>
STRATEGIC BUSINESS LEADERSHIP	2512533	November 27, 2001, renewed December 30, 2021
STRATPRO	5885809	October 15, 2019
TAB	3161296	October 24, 2006, renewed February 9, 2017
TAB BOARDS	2812223	February 10, 2004, renewed February 24, 2014
TAB BUSINESS VANTAGE	3569356	July 19, 2005, renewed August 10, 2015
THE ALTERNATIVE BOARD	2326459	March 7, 2000, renewed April 9, 2020
THE ALTERNATIVE BOARD TAB	1669689	December 24, 1991, renewed May 2, 2014
TIPS FROM THE TOP	2085944	August 5, 1997, renewed September 9, 2017
WHAT EVERY BUSINESS OWNER NEEDS TO KNOW ABOUT...	2671662	January 7, 2003, renewed January 24, 2014
	3201681	January 23, 2007, renewed February 13, 2017

We have filed all required affidavits. There are no material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court of any pending infringement, opposition, or cancellation proceeding. There is no pending material federal or state court litigation regarding our use or ownership of the Trademarks. There are no agreements that significantly limit our rights to use or license the Trademarks. We do not know of any prior rights or infringing uses that could materially affect your use of the Trademarks.



The Franchise Agreement grants you the nonexclusive right to use the Trademarks in your TAB Business. We own the Trademarks. You will follow our rules when you use the Trademarks. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You will not use our Trademarks or trade names as part of a corporate name. You will not use any of our trademarks or trade names that we have not licensed to you under your Franchise Agreement. You will not use the Trademarks or trade names that we license to you with any modifying words, designs, or symbols. You will not use the Trademarks to sell unauthorized products or services or in any manner we have not authorized. You will not use the Trademarks or our trade names in any business other than your TAB Business. You will not use the Trademarks or our trade names (or anything similar thereto) in any domain name that we have not licensed to you or on the Internet except for the Microsite that we license to you.

You will notify us immediately when you learn about an infringement of or challenge to your use of the Trademarks. We are not required to take affirmative action when notified of such infringement and we are not contractually obligated by your Franchise Agreement to protect you against claims of infringement or unfair competition involving the Trademarks, but it is our policy to do so when your rights require protection in the opinion of our counsel. We will pay costs associated with any litigation that we elect to bring or defend to protect your use of the licensed Trademarks including attorneys' fees and court costs. We do not indemnify you for expenses or damages you incur. You will fully cooperate with us in any litigation we bring or defend for your benefit. We will control any administrative proceeding or litigation involving the Trademarks.

If we determine it is necessary to modify or discontinue use of all or any part of the Trademarks or to develop additional or substitute marks in our discretion, you will take such actions at your sole expense as is necessary to comply with such modification, discontinuation, addition, or substitution within a reasonable time after receipt of our written notice.

## **ITEM 14**

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

#### **Patents**

We do not have any patents or pending patent applications that are material to the TAB Business.

#### **Copyrights**

Our Operations Manual and all other manuals, systems, binders, logos, designs, marketing materials, layouts of advertising materials, books, writings, recordings, videos, software, web content, electronic files, printed materials, Licensed Methods, and all revisions, modifications, changes, and derivatives of these materials that we provide to you for use in your TAB Business (collectively, the "**Copyrighted Materials**") are protected by copyright and other laws. Although we have not filed an application for copyright registration for the Copyrighted Materials, we claim common law and federal copyrights and trade secret rights in the Copyrighted Materials. We grant you the right to use the Copyrighted Materials in your TAB Business, but the Copyrighted Materials remain our sole property. There are no currently effective material determinations of the United States Copyright Office or any court of competent jurisdiction regarding the Copyrighted Materials. There are no agreements that limit the use of the Copyrighted Materials. You will use copyright, confidentiality, or other proprietary notices on all the Copyrighted Materials.

## **Proprietary Information**

The Operations Manual, electronic information and communications, marketing, advertising and related information and materials, data bases (whether in print, electronic, or other form), Membership Information (defined below), the Licensed Methods, and other written or oral information developed and used in connection with the TAB Business are our confidential information and trade secrets (collectively, the “**Confidential Information and Trade Secrets**”).

“**Membership Information**” means all aspects of soliciting new TAB Members, written agreements with TAB Members, TAB Member lists, TAB Member information and records (including names, addresses, phone numbers, and email addresses), marketing lists, documents, correspondence, files, lists of renewal dates, literature of whatever form regarding TAB Boards, TAB Members, or potential TAB Members with whom you discussed or have had an appointment to discuss any part of the Licensed Methods at any time. Membership Information does not include your work product not involving or related to the TAB Business or matters related solely to an Ancillary Business.

The Licensed Methods include the TAB system, Copyrighted Materials, and Confidential Information and Trade Secrets. The TAB system includes the proprietary methods, processes, and system to operate a TAB Business including, without limitation, our know-how, trade secrets, materials, and methods for operating a TAB Business as they may be changed, improved, modified, and further developed by us or our affiliates from time to time.

We own the Confidential Information and Trade Secrets and all records relating to the Confidential Information and Trade Secrets. We may use or transfer the Confidential Information and Trade Secrets in any way we wish, both before and after any termination, expiration, repurchase, transfer, or otherwise. We may contact any of your TAB Members, suppliers, and other service providers for quality control, market research, and such other purposes as we deem appropriate in our discretion.

You will not use, publish, disclose, divulge, or in any manner communicate the Confidential Information and Trade Secrets to any person, firm, corporation, association, partnership, or any other entity in any manner other than for your TAB Business, and then only as we permit. You will not use, copy, or imitate, or allow any other person, firm, corporation, association, partnership, or other entity to use, copy, or imitate, any of the Confidential Information and Trade Secrets or any materials confusingly similar to the Confidential Information and Trade Secrets in any manner other than for your TAB Business, and then only as we permit. Your Managing Party and each of your officers, owners, directors, employees, other beneficial owners, Facilitators, your immediate family members, and your employees who become aware of the Confidential Information and Trade Secrets must execute a non-disclosure and non-competition agreement.

If you, your Managing Party, owners, directors, other beneficial owners, or Facilitators develop any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements to the operation or promotion or otherwise in relation to your TAB Business (collectively, the “**Improvements**”), you will promptly notify us and give us all necessary information relating thereto at no charge. The Improvements will be our property and you, your Managing Party, owners, directors, other beneficial owners, or Facilitators will sign an assignment of such Improvements to us. We may allow other franchisees to use the Improvements. We may allow you to use Improvements derived from other franchisees.

We do not know of any copyright or patent infringement that could materially affect your use of the Copyrighted Materials or Confidential Information and Trade Secrets.

## Challenges

You will notify us immediately when you learn about an infringement of or challenge to your use of the Copyrighted Materials or Confidential Information and Trade Secrets. We are not required to take affirmative action when notified of such infringement. We are not contractually obligated by your Franchise Agreement to protect you against claims of infringement or unfair competition involving the Copyrighted Materials or Confidential Information and Trade Secrets, but it is our policy to do so when your rights require protection in the opinion of our counsel. We will pay costs associated with any litigation that we elect to bring or defend to protect your use of the Copyrighted Materials or Confidential Information and Trade Secrets including attorneys' fees and court costs. We do not indemnify you for expenses or damages you incur. You will fully cooperate with us in any litigation we bring or defend for your benefit. We will control any administrative proceeding or litigation involving the Copyrighted Materials or Confidential Information and Trade Secrets.

If we determine it is necessary to modify or discontinue use of any proprietary Copyrighted Materials or Confidential Information and Trade Secrets in our discretion, you will take such action at your sole expense as may be necessary to comply with such modification or discontinuation within a reasonable time after receipt of our written notice.

Any unauthorized use of any of the Copyrighted Materials or Confidential Information and Trade Secrets by you constitutes an infringement of our or our affiliates' rights.

## ITEM 15

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

If you are a partnership, corporation, limited liability company, or other legal entity, you will designate one owner, member, or officer (the "**Managing Party**") who will have management responsibility for operating your TAB Business. You or your Managing Party will use best efforts to develop your TAB Business and will be personally responsible for the management and supervision of your TAB Business on a day-to-day basis. Your Managing Party will own at least 51% of your TAB Business or you if you are a legal entity or partnership.

You may qualify to engage a Facilitator to form TAB Boards, facilitate your TAB Boards, and provide business coaching. You must meet our requirements before you will be permitted to appoint Facilitators. These requirements include that (i) you or your Managing Party facilitate at least one TAB Board per month, (ii) you notify us in writing that you desire to appoint a Facilitator, (iii) your Facilitators attend and satisfactorily complete the Facilitator Training (Item 11), and (iv) you provide us with a copy of a fully-executed contract facilitator agreement (a "**Contract Facilitator Agreement**") in our then-current form. You will pay your Facilitators. You will follow our guidelines in the Operations Manual for Facilitators. You are expressly prohibited from granting a sub-franchise or business opportunity to a Facilitator.

You, your Managing Party, and each of your officers, owners, directors, employees, other beneficial owners, Facilitators, and immediate family members who become aware of our Confidential Information and Trade Secrets will enter into a non-disclosure and non-competition agreement with us. Each of your owners, beneficial owners, Managing Party, officers, and directors will sign an agreement in the form attached to your Franchise Agreement as Exhibit III to personally guarantee your obligations under your Franchise Agreement.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

#### Standards, Specifications, and Restrictions

To ensure the highest degree of quality and service is maintained, you will operate your TAB Business in strict conformity with the methods, standards, and specifications in the Operations Manual and as we may otherwise direct in writing. The Operations Manual describes the services and products that you will offer and sell in your TAB Business and our designated manufacturers, suppliers, and distributors (Item 8). We may change the authorized services and products and designated manufacturers, suppliers, and distributors and there are no limits to our right to do so.

You will not sell unauthorized services or products in connection with your TAB Business or by using our Trademarks or Licensed Methods. You will not deviate from our standards and specifications without our written consent. You will discontinue selling and offering for sale any services and products that we disapprove in writing at any time.

You may conduct Board Meetings and additional TAB-related coaching or consulting in person, via videoconference, or by any other technological means or methods in use now or developed in the future. You will conduct Board Meetings and additional TAB-related coaching or consulting in compliance with the Operations Manual including, without limitation, the Operations Manual's directives regarding Members who are recruited as Prospect Exceptions. We may revise or curtail the permitted methods by which you or your Facilitators may conduct Boards Meetings and additional TAB-related coaching or consulting in our discretion.

You will not reship, transship, or sell any products purchased from us to any of our current or former franchisees or distributors or any reseller of the products within or outside of the United States. You will not purchase products from any of our current or former franchisees without our prior consent. You will sell the products purchased through us only through your TAB Business. You will not sell the products for resale. You will use the TAB system and Licensed Methods only with your TAB Members.

You will offer the warranties and guarantees to your qualifying TAB Members and potential TAB Members that we require from time to time. You may offer other warranties or guarantees in your TAB Business. You will honor all proper claims under any authorized warranties and guarantees in accordance with the terms and conditions of any such warranties or guarantees.

#### Ancillary Business Services

You or your Facilitators may offer and advertise Ancillary Business services within or outside your Protected Territory as long as (i) you do not use the Licensed Methods or Trademarks, (ii) the Ancillary Business services do not constitute a Competitive Activity (defined below), and (iii) the Ancillary Business services do not harm, or disparage the goodwill associated with your TAB Business, the Trademarks, or the Licensed Methods in our sole opinion.

A “**Competitive Activity**” means the following:

1. Offering services and products using methodology that is the same as or materially similar to the Licensed Methods;

2. Marketing or facilitating groups of business leaders if such group meetings are the same as or materially similar to TAB Boards;
3. Providing strategic planning services for business entities or their planning teams;
4. Providing regularly-scheduled private coaching sessions, mentoring, or strategic planning services for business owners, business leaders, business executives, or their planning teams that use processes, methods, or systems that are the same as or materially similar to those processes, methods, or systems used by the TAB system;
5. Providing services of the type we or our affiliates provide where those services are provided in relation to businesses of the type described in (1) to (4) above;
6. Directly or indirectly owning any capital stock, partnership interest, membership interest, or any other interest in a business or entity that engages in the activities described in (1) to (5) above whether beneficially or of record;
7. Directly or indirectly participating in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, contractor, consultant, or in any other capacity of any entity, business, or person that engages in the activities described in (1) to (5) above;
8. Franchising, licensing, conducting, or connecting with or assisting any person, entity, or business to franchise, license, conduct, or be connected with the activities described in (1) to (5) above; or
9. Directly or indirectly diverting or attempting to divert any business related to or any customer or account of your TAB Business, us, our affiliates, any other business we operate, our franchisees or licensees, Other Businesses, or any other business then being offered or operated by us or our affiliates in your Protected Territory, or directly or indirectly diverting or attempting to divert the employment of any of our employees or Facilitators or those of another TAB franchisee, licensee, or TAB affiliate to any entity to conduct activities described above.

### **Supplemental Products and Services**

We may offer you the option to offer Supplemental Products and Services through your TAB Business. If you elect to offer Supplemental Products and Services, you may be required to attend training or make specified purchases of products or services offered in connection with the Supplemental Products and Services. There may be fees and minimums payable in addition to those in the Franchise Agreement for the right to offer Supplemental Products and Services. We do not currently collect any Royalty Fees on any Supplemental Products and Services, but may do so in the future.

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**ITEM 17**

**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a) Length of Franchise Term	Section 3.1.	Seven years or ten years from your Start of Service Offering at your election.
b) Renewal or Extension of the Term	Sections 3.2 and 4.1.	You may renew your right to operate a TAB Business for successive consecutive year terms equal to the initial term period you select (seven or ten years).
c) Requirements for Franchisee to Renew or Extend	Section 4.1.	Requirements include, without limitation, providing written notice, signing the then-current Franchise Agreement, paying a renewal fee, not being in default of any agreements, (including the Franchise Agreement) with us or our affiliates, completing any required refresher training, and executing a release. The then-current Franchise Agreement you may be required to sign may have materially different terms and conditions than your original Franchise Agreement.
d) Termination by Franchisee	Sections 3.3 and 5.2.	You may terminate after three years of operation by paying 27% of your remaining Monthly Minimum Royalty payments (subject to state law).
e) Termination by Franchisor Without Cause	None.	Not applicable.
f) Termination by Franchisor with Cause	Sections 17.2 and 17.3.	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in a termination.
g) "Cause" Defined – Curable Defaults	Sections 17.2.	Curable defaults include, without limitation, your failure to pay any sums owed to us or our affiliates within seven days after notice, your failure to perform your obligations under the Franchise Agreement within 30 days (or such other period

Provision	Section in Franchise Agreement	Summary
		<p>as may be provided under specific state law or the Franchise Agreement) after notice, your misrepresentation of information in connection with the Franchise Agreement and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice, your misuse of the Trademarks or Licensed Methods and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice, or your use of a Facilitator who has not signed an approved Contract Facilitator Agreement, not satisfactorily completed the Facilitator Training, is unqualified to serve as a Facilitator, or has made payments to you and failure to cure within 30 days (or such other period as may be provided under specific state law or the Franchise Agreement) after notice.</p>
<p>h) “Cause” Defined – Non-Curable Defaults</p>	<p>Section 17.3.</p>	<p>Non-curable defaults include, without limitation, conviction of a felony or any other criminal misconduct that adversely affects your TAB Business, Licensed Methods, us, our affiliates, TAB franchisees or licensees, fraudulent activity, misrepresentation of information you are required to report, conduct that reflects unfavorably on your TAB Business, other franchisees, licensees, Licensed Methods, us or our affiliates, abandonment of your TAB Business, failure to pay sums when due if such failure is not cured within seven days, failure to pay any amounts due to us on their due date two or more times within a twelve-month period, three or more failures or refusals to comply with the provisions of the Franchise Agreement within a twelve-month period, you, your</p>

Provision	Section in Franchise Agreement	Summary
		<p>Managing Party or one or more guarantors become insolvent, subject to bankruptcy proceedings, or subject to a general assignment for benefit of creditors, diversion, concealment or failure to report any recruiting for TAB Members in violation of the Franchise Agreement, collecting directly from TAB Members any Membership Dues, Business Assessment Fees or other fees from TAB Members without our approval, you, your affiliates or persons identified in the Franchise Agreement engage in Competitive Activity, challenge or attempt to register a patent, trademark, or copyright of any of the Licensed Methods, Trademarks, or other proprietary information we provide to you, misusing the Licensed Methods, Trademarks, your Microsite, or other proprietary materials we provide to you, intentionally or negligently disclosing to unauthorized persons the Operations Manual, Licensed Methods or other proprietary information we provide to you, violation of the transfer provisions, using TAB franchisee, licensee, affiliate or TAB Member information in a manner prohibited by the Franchise Agreement, failure to satisfactorily complete the Initial Training Program or advanced business development training, misrepresentation or violation of Anti-Terrorism Laws, any unsatisfied, material judgment, creation of a sub-franchise, or commission of a default that by its nature is not curable.</p>
i) Franchisee's Obligations on Termination/Non-Renewal	Section 17.6.	<p>Obligations include, without limitation, destroying or returning the TAB Promotional Materials, all materials bearing the Trademarks and all material constituting the Licensed Methods and the</p>



<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		Operations Manual, de-identifying, cancelling fictitious names, complying with the confidentiality and non-compete requirements, and signing a release.
j) Assignment of Contract by Franchisor	Section 16.1.	No restrictions.
k) "Transfer" by Franchisee – Defined	Sections 16.2, 16.3, 16.4, and 16.5.	Includes transfer of interest in you, your merger, consolidation, or transfer in bankruptcy, any change of control or management of your TAB Business, transfer of your assets used in your TAB Business, or assignment of the Franchise Agreement.
l) Franchisor's Approval of Transfer by Franchisee	Section 16.3.	We must approve all transfers.
m) Conditions for Franchisor's Approval of Transfer	Section 16.3.	Conditions include, without limitation, your compliance with the Franchise Agreement, the transferee's satisfactory completion of the Initial Training Program or other training program we determine, the transferee signing our then-current Franchise Agreement, payment of any transfer fee and any additional fees (such as broker commissions, resale fees, and internal sales commissions), your execution of a release, and the transferee meeting our then-current standards to operate a TAB Business.
n) Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 16.8.	We can match any offer.
o) Franchisor's Option to Purchase Franchisee's Business	None.	Not applicable.
p) Death or Disability of Franchisee	Section 16.6.	Your TAB Business must be transferred to a third party we approve within 180 days. You must appoint an approved interim manager within 15 days.
q) Non-Competition Covenants During the Term of the Franchise	Section 14.2.	You will not engage, directly or indirectly, in any Competitive Activity anywhere. You will not market for TAB Members outside your Protected Territory (except for Prospect Exceptions).

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
r) Non-Competition Covenants After the Franchise is Terminated or Expires	Section 14.2.	Covenants include, without limitation, operating or having an ownership interest in a similar business that engages in Competitive Activity in your Protected Territory or within 25 miles of your Protected Territory or the Protected Territory of another TAB Business that we, another franchisee, a licensee, or our affiliates operate, or within 25 miles of where a TAB Board meets.
s) Modification of the Agreement	Section 21.13.	No modifications generally, but the Operations Manual may change.
t) Integration/Merger Clause	Section 21.13.	Any representations made outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u) Dispute Resolution by Arbitration or Mediation	Sections 18.1(b) and(c).	Except for actions brought for injunctive or extraordinary relief, the following actions are subject to mediation: actions involving the Trademarks or other intellectual property, violations of the non-compete and confidentiality requirements, or actions solely limited to monetary obligations under the Franchise Agreement, other agreement relating to the TAB Business or relationship. If there is no resolution, then arbitration in Denver, Colorado, or the city nearest to TAB headquarters (subject to state law).
v) Choice of Forum	Sections 18.2, 18.3, and 18.10.	The venue for all proceedings related to or existing out of the Franchise Agreement is Denver, Colorado, or the city nearest to TAB headquarters (subject to state law).
w) Choice of Law	Section 18.5.	Colorado law applies (subject to state law) (see the State Law Addenda and Rider, Exhibit H).

If a state regulator requires us to make additional disclosures related to the information contained in this Franchise Disclosure Document, these additional disclosures are contained in the State Law Addenda and Rider included in this Franchise Disclosure Document as Exhibit H.

**ITEM 18**

**PUBLIC FIGURES**

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

**ITEM 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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 Item 19, for example, by providing information about performance of a particular location or under particular circumstances.

**Some franchisees have sold these amounts. Your individual results may differ. There is no assurance you will sell as much.**

Written substantiation for this data is available for inspection at our corporate headquarters and will be provided upon reasonable request.

**CHART ONE**

**AVERAGE AND MEDIAN MONTHLY MEMBERSHIP DUES  
FOR 2023 FOR TAB MEMBERS**

<b>Category</b>	<b>Average Amount of Dues</b>	<b>Median Amount of Dues</b>	<b>Number of Members</b>	<b>Percentage of Members</b>
TOP THIRD	\$985.53	\$878.74	406	33%
MIDDLE THIRD	\$673.04	\$635.00	406	33%
BOTTOM THIRD	\$410.57	\$350.00	407	34%
TOTAL GROUP	\$689.64	\$675.00	1,219	100%

**CHART TWO**

**AVERAGE AND MEDIAN BUSINESS ASSESSMENT FEES  
FOR 2023 FOR TAB MEMBERS**

<b>Category</b>	<b>Average Amount of Fees</b>	<b>Median Amount of Fees</b>	<b>Number of Members</b>	<b>Percentage of Members</b>
TOP THIRD	\$794.06	\$750.00	426	33%
MIDDLE THIRD	\$516.57	\$500.00	426	33%
BOTTOM THIRD	\$273.08	\$295.00	426	34%
TOTAL GROUP	\$527.90	\$500.00	1,278	100%

**CHART THREE**

**AVERAGE AND MEDIAN LENGTH OF MEMBERSHIP  
FOR 2023 FOR TAB MEMBERS**

<b>Franchisees</b>	<b>Average Length of Membership</b>	<b>Median Length of Membership</b>
TOTAL GROUP	5.5 years	3.8 years

**CHART FOUR**

**ADDITIONAL REVENUE FROM THE TAB OPPORTUNITY  
FOR 2023 FOR TAB BUSINESS FRANCHISEES**

<b>Thirds</b>	<b>Additional Revenue From the TAB Opportunity</b>			<b>Number of Franchisees</b>	<b>Percentage of Franchisees</b>
	<b>Range</b>	<b>Average</b>	<b>Median</b>		
FIRST	\$88,000 to \$664,000	\$240,306.00	\$178,238.00	14	31%
SECOND	\$20,520 to \$75,000	\$46,529.00	\$47,438.00	15	34%
THIRD	\$0 to \$20,000	\$4,692.00	\$1,150.00	15	35%

**CHART FIVE**

**AVERAGE AND MEDIAN MONTHLY ESTIMATED HOURS SPENT BY TAB BUSINESS FRANCHISEES, FACILITATORS, AND INDEPENDENT CONTRACT FACILITATORS PROVIDING SERVICES TO ONE TAB BOARD WITH EIGHT TAB MEMBERS FOR 2023 FOR TAB BUSINESS FRANCHISEES**

<b>Average Estimated Hours Per Month</b>	<b>Median Estimated Hours Per Month</b>
23.1	22

**CHART SIX**

**AVERAGE STRATPRO OFFERING MONTHLY DUES INCREASE**

<b>Franchisees</b>	<b>Monthly Dues Before Offering StratPro</b>	<b>Monthly Dues After Offering StratPro</b>	<b>Percentage Increase in Monthly Dues</b>
TOTAL GROUP	\$690.00	\$2,695.00	391%

Notes:

1. The data is a representation of historic financial performance.
2. Chart One is based on a subset of domestic TAB Members who were invoiced in December, 2023. The subset excludes TAB Members who are on scholarship (defined as TAB Members who pay monthly Membership Dues of \$100.00 or less or those TAB Members identified as scholarship Members by the franchisee). The total number of TAB Members who met the subset is 1,219. The number of TAB Members that met or exceeded the average monthly Membership Dues is 573 or 47%.
3. Chart Two is compiled from a subset of the number of domestic TAB Members that joined during calendar years 2020, 2021, 2022, and 2023 (the “**Time Period**”). The total number of TAB Members that joined during the Time Period is 1,609. The subset excludes 331 TAB Members who did not pay a Business Assessment Fee. The total number of TAB Members that joined during the Time

Period and paid a Business Assessment Fee is 1,278. The amounts of Business Assessment Fees paid are taken from their membership applications. The number of TAB Members that paid Business Assessment Fees in amounts equal to or greater than the average is 531 or 42%.

4. Chart Three includes all domestic TAB Members who have not resigned as of December 31, 2023. Of the total number of non-resigned TAB Members, 35% met or exceeded the average length of membership for the Total Group.

5. Chart Four is compiled from a subset of our domestic franchisees that reported their additional revenue from the TAB opportunity for calendar year 2023, have operated a TAB Business franchise for at least twelve months from their Start of Service Offering date, have a Start of Service Offering date that is no later than 2022, and have not relinquished their Protected Territory or marketing rights prior to or during the 2023 calendar year. We request this information by an annual survey. These amounts reported by our franchisees are not audited. The total number of domestic franchisees as of December 31, 2023, that meet the subset described in this Note 2 is 35. Of the 35 units, 10 (29%) attained or surpassed the average result.

7. Chart Five is based on a survey of TAB Business franchisees, Facilitators, and Independent Facilitator Coaches taken in 2022. The estimated hours reported are not audited. Responses to the survey were provided on an anonymous basis. Not all of the respondents are still in the TAB system. 57 respondents that received the survey provided their estimate of the number of hours it takes to provide services to a single TAB Board with eight TAB Members. For purposes of the survey, servicing one TAB Board of eight TAB Members includes the time to facilitate the TAB Board meeting, the time to conduct individual coaching sessions with a TAB Member, and preparation and commuting time.

8. Chart Six is based on TAB Members who have upgraded their TAB Membership to include StratPro services during 2023.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Amber Paugh, TAB Boards International, Inc., 11081 Sheridan Boulevard, Westminster, Colorado 80020, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-Wide Outlet Summary – TAB Businesses  
For Years 2021 to 2023

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	127	128	+1
	2022	128	113	-15
	2023	113	101	-12
Company-Owned	2021	13	14	+1
	2022	14	13	-1
	2023	13	11	-2
Total Outlets	2021	140	142	+2
	2022	142	126	-16
	2023	126	111	-15

Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor) – TAB Businesses  
For Years 2021 to 2023

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Colorado	2021	1
	2022	0
	2023	0
Indiana	2021	1
	2022	0
	2023	0
Iowa	2021	1
	2022	0
	2023	0
Nevada	2021	1
	2022	0
	2023	0
New York	2021	1
	2022	0
	2023	0
North Carolina	2021	0
	2022	0
	2023	1
Pennsylvania	2021	0
	2022	0
	2023	0
Texas	2021	1
	2022	0
	2023	0

State	Year	Number of Transfers
Virginia	2021	1
	2022	0
	2023	0
Total	2021	7
	2022	1
	2023	2

Table No. 3  
Status of Franchised Outlets – TAB Businesses (United States)  
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons*	Outlets at End of the Year
Alabama	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
California	2021	7	1	0	0	0	0	8
	2022	8	0	0	0	0	2	6
	2023	6	0	0	1	0	2	3
Colorado	2021	9	1	0	0	0	2	8
	2022	8	1	0	0	0	0	9
	2023	9	0	0	1	0	0	8
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Florida	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	2	3
	2023	3	2	0	0	0	0	5
Georgia	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	1	5
	2023	5	1	0	0	0	1	5
Hawaii	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	1	1
Illinois	2021	3	0	0	0	0	1	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons*	Outlets at End of the Year
Indiana	2021	2	2	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
Iowa	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	2	1
	2023	1	0	0	0	0	1	0
Louisiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	3	2	0	0	0	1	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	0	0	0	3
Minnesota	2021	4	0	0	0	0	0	4
	2022	4	0	1	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	4	1	0	0	0	2	3
	2022	3	0	0	1	0	1	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	2	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
New Jersey	2021	6	4	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	1	0	0	0	9
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
New York	2021	5	1	0	0	0	3	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
North Carolina	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	1	3



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons*	Outlets at End of the Year
Ohio	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	2	5
	2023	5	0	0	0	0	1	4
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oregon	2021	2	0	0	0	0	2	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Pennsylvania	2021	8	0	0	0	0	0	8
	2022	8	0	1	0	0	0	7
	2023	7	1	0	0	0	1	7
South Carolina	2021	4	1	0	0	0	0	5
	2022	5	0	0	1	0	0	4
	2023	4	0	0	0	0	1	3
Tennessee	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Texas	2021	10	3	0	0	0	3	10
	2022	10	0	0	0	0	1	9
	2023	9	0	1	0	0	0	8
Utah	2021	3	0	0	0	0	0	3
	2022	3	0	0	1	0	1	1
	2023	1	0	0	0	0	0	1
Virginia	2021	3	1	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Wisconsin	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total for the United States	2021	112	23	0	0	0	21	114
	2022	114	6	2	5	0	14	99
	2023	99	9	2	3	0	13	90

Status of Franchised Outlets – TAB Businesses (International)  
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations – Other Reasons*	Outlets at End of the Year
Alberta, Canada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
British Columbia, Canada	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	3	0	0	0
Manitoba, Canada	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Ontario, Canada	2021	9	1	0	0	0	1	9
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Caracas, Venezuela	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
Total International	2021	15	1	0	0	0	2	14
	2022	14	0	0	0	0	0	14
	2023	14	1	0	4	0	0	11
Total United States and International	2021	127	24	0	0	0	23	128
	2022	128	6	2	5	0	14	113
	2023	113	10	2	7	0	13	101

\* Franchisees in this column signed voluntary termination agreements, abandoned their TAB Businesses, transferred their TAB Businesses, are deceased, or failed to communicate with us within ten weeks prior to December 31, 2023.

Table No. 4  
Status of Company-Owned Outlets – TAB Businesses  
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Colorado	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	1	0	1
Delaware	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Idaho	2021	0	1	0	0	0	1
	2022	1	0	0	0	1	0
	2023	1	0	0	1	0	0
Minnesota	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	5	1	0	0	0	6
	2022	6	0	0	0	0	6
	2023	6	0	0	1	0	5
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Ontario, Canada	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	13	2	0	0	1	14
	2022	14	1	0	0	1	14
	2023	14	0	0	3	0	11

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

State	Franchise Agreements Signed, But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	0	2	0
Iowa	0	1	0
Nebraska	0	1	0
Total	0	5	0

A list of the names of all franchisees and the addresses and telephone numbers of their TAB Businesses as of the date of this Franchise Disclosure Document are listed in Exhibit E to this Franchise Disclosure Document. A list of the names, city, and state and current business telephone numbers or last-known home telephone numbers of all franchisees who have had a TAB Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business as of the date of this Franchise Disclosure Document or who have not communicated with us within ten weeks of the date of this Franchise Disclosure Document are listed in Exhibit F to this Franchise Disclosure Document.

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

Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, such as in voluntary termination agreements, current and former franchisees sign provisions

restricting their ability to speak openly about their experience with TAB Businesses. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We do not know of any trademark-specific franchisee organization associated with the TAB system.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to the Franchise Disclosure Document as Exhibit G are our audited financial statements as of December 31, 2021, 2022, and 2023. Our fiscal year end is December 31.

## **ITEM 22**

### **CONTRACTS**

Attached to this Franchise Disclosure Document are the following contracts:

- B. TAB Boards International, Inc. Franchise Agreement
  - B-I. Addendum to TAB Boards International, Inc. Franchise Agreement
  - B-II. Statement of Ownership
  - B-III. TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations
  - B-IV. TAB Boards International, Inc. Conditional Assignment of Telephone and Directory Listings, Etc.
  - B-V. Closing Acknowledgment
  - B-VI. State Law Rider
  - B-VII. TAB Boards International, Inc. Trademarks
- C. TAB Boards International, Inc. CRM System Use Agreement
- H. State Law Addenda and Riders
- I. TAB Boards International, Inc. Grant of Franchisor Consent and Franchisee Release for Use in Maryland
- J. TAB Boards International, Inc. Microsite Service Authorization
- K. Receipt

## **ITEM 23**

### **RECEIPT**

On the last two pages of this Franchise Disclosure Document (Exhibit K), you will find two copies of the Receipt page. You must sign, date, and deliver the copy of the Receipt page labeled "to be returned to TAB Boards International, Inc." to us for our records.

**EXHIBIT A**

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

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	<p>California Department of Financial Protection and Innovation One Sansome Street Suite 600 San Francisco, CA 94104-4428 (415) 972-856</p> <p>2101 Arena Boulevard Sacramento, CA 95834 (916) 445-2705</p> <p>1350 Front Street Room 2034 San Diego, CA 92101 (619) 525-4233</p> <p>320 West Fourth Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500</p> <p>Toll-free Telephone Number: (866) 275-2677 Email Address: ask.dfpi@dfpi.ca.gov</p>	<p>Commissioner of Financial Protection and Innovation 320 West Fourth Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500</p>
CONNECTICUT	<p>Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 (203) 240-8299</p>	<p>Connecticut Banking Commissioner 44 Capitol Avenue Hartford, CT 06106 (203) 240-8299</p>
FLORIDA	<p>Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building Second Floor Tallahassee, FL 32399-0800 (904) 922-2770</p>	<p>Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building Second Floor Tallahassee, FL 32399-0800 (904) 922-2770</p>
GEORGIA	<p>Office of Consumer Affairs Two Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 (404) 656-3790</p>	<p>Office of Consumer Affairs Two Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 (404) 656-3790</p>
HAWAII	<p>State of Hawaii Business Registration Division Securities Compliance Branch Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>	<p>Hawaii Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 (515) 281-4441	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 (515) 281-4441
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 573-2200	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 573-2200
LOUISIANA	Department of Urban and Community Affairs Consumer Protection Office 301 Main Street Sixth Floor One America Place Baton Rouge, LA 70801 (504) 342-7013	Department of Urban and Community Affairs Consumer Protection Office 301 Main Street Sixth Floor One America Place Baton Rouge, LA 70801 (504) 342-7013
MAINE	Department of Business Regulations State House – Station 35 Augusta, ME 04333 (207) 298-3671	Department of Business Regulations State House – Station 35 Augusta, ME 04333 (207) 298-3671
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-7044	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 (410) 576-7044
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 G. Mennen Williams Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 G. Mennen Williams Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East Suite 280 St. Paul, MN 55101 (651) 296-4026	Minnesota Commissioner of Commerce 85 Seventh Place East Suite 280 St. Paul, MN 55101 (651) 296-4026
NEBRASKA	Department of Banking and Finance 1230 "O" Street Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-3445	Department of Banking and Finance 1230 "O" Street Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-3445

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 (603) 271-3641	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 (603) 271-3641
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, NY 10005 (212) 416-8222	New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
NORTH CAROLINA	North Carolina Secretary of State's Office Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 (919) 733-3924	North Carolina Secretary of State North Carolina Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
OHIO	Attorney General Consumer Fraud and Crime Section State Office Tower 30 East Broad Street Fifteenth Floor Columbus, OH 43215 (614) 466-8831	Attorney General Consumer Fraud and Crime Section State Office Tower 30 East Broad Street Fifteenth Floor Columbus, OH 43215 (614) 466-8831
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Boulevard Oklahoma City, OK 73105 (405) 521-2451	Oklahoma Securities Commission 2915 Lincoln Boulevard Oklahoma City, OK 73105 (405) 521-2451
OREGON	Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 (503) 378-4387	Director Oregon Department of Insurance and Finance Labor and Industries Building Salem, OR 96310 (503) 378-4387
RHODE ISLAND	Rhode Island Division of Securities 233 Richmond Street Suite 232 Providence, RI 02903-4232 (401) 277-3048	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 233 Richmond Street Providence, RI 02903-4232
SOUTH CAROLINA	South Carolina Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	South Carolina Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-4823

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	Texas Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 (512) 475-1769	Texas Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 (512) 475-1769
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South P.O. Box 45804 Salt Lake City, UT 84145-0804 (801) 530-6601	Utah Department of Commerce Consumer Protection Division 160 East 300 South P.O. Box 45804 Salt Lake City, UT 84145-0804 (801) 530-6601
VIRGINIA	Virginia State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission Virginia State Corporation Commission 1300 East Main Street Richmond, VA 23219
WASHINGTON	Director of Department of Financial Institutions Washington Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8762	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Wisconsin Department of Financial Institutions Division of Securities 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-8557	Wisconsin Commissioner of Securities 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-8557



**EXHIBIT B**

**TAB BOARDS INTERNATIONAL, INC.  
FRANCHISE AGREEMENT**



**TAB BOARDS INTERNATIONAL, INC.**  
**FRANCHISE AGREEMENT**

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

Date: \_\_\_\_\_.

**TAB BOARDS INTERNATIONAL, INC.  
FRANCHISE AGREEMENT**

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**Exhibits**

Exhibit I	Addendum to TAB Boards International, Inc. Franchise Agreement
Exhibit II	Statement of Ownership
Exhibit III	TAB Boards International, Inc. Guarantee and Assumption of Franchisee’s Obligations
Exhibit IV	TAB Boards International, Inc. Conditional Assignment of Telephone and Directory Listings, Etc.
Exhibit V	Closing Acknowledgment
Exhibit VI	State Law Rider
Exhibit VII	Trademarks

**TAB BOARDS INTERNATIONAL, INC.  
FRANCHISE AGREEMENT**

This TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT (the “**Agreement**”) is made on \_\_\_\_\_ (the “**Effective Date**”), by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation located at 11031 Sheridan Boulevard, Westminster, Colorado 80020 (“**TAB**”), and \_\_\_\_\_, [a \_\_\_\_\_ corporation/limited liability company] located at \_\_\_\_\_ (“**Franchisee**”).] TAB and Franchisee will be individually referred to as a “**Party**” and collectively as the “**Parties.**”

**RECITALS**

WHEREAS, TAB has developed and owns or licenses the Licensed Methods for use in operating a Business;

WHEREAS, TAB grants to qualified third parties the right to use the Licensed Methods to operate a Business;

WHEREAS, Franchisee or Franchisee’s Managing Party (if Franchisee is a partnership, limited liability company, corporation, or other entity) is an experienced businessperson who desires the right to establish and operate a Business using the Licensed Methods within the Protected Territory under the terms and conditions of the Agreement; and

WHEREAS, TAB desires to grant Franchisee the right to establish and operate a Business using the Licensed Methods within the Protected Territory under the terms and conditions of the Agreement.

**AGREEMENT**

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

**DEFINITIONS**

For purposes of the Agreement, the following terms will have the meaning as set forth below:

“**Additional Marketing**” means certain required marketing, advertising, and promotional activities for Franchisee’s Business.

“**Additional Revenue From the TAB Opportunity**” means revenue through tools introduced or promoted by TAB and revenue through Supplemental Products and Services provided to Members.

“**Advanced Business Development Training**” means certain business development training provided by TAB.

“**Affiliate**” means individually or collectively any entities or individuals controlling, controlled by, or under common ownership with TAB including, without limitation, 6350 AEF, LLC, Allen Training Centers, Inc., Direct Communication Service, Inc., StratPro, Inc., Sun Development Company, and TAB Boards International (Canada) Corporation.

“**Agreement**” means this instrument and any exhibits, addenda, riders, or attachments to the Agreement as the same may be amended, modified, or supplemented from time to time in accordance with the provisions of the Agreement.

“**Ancillary Business**” means consulting or other business services if such consulting or other business services are not the same as or similar in nature to those that form a part of Franchisee’s Business or Licensed Methods or qualify as Competitive Activity.

“**Annex**” means the Annex to Executive Order 13224 that can be accessed at <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>.

“**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other applicable present and future national, federal, state, provincial, and local laws, ordinances, regulations, policies, lists, and any other requirements of any governmental authority of any nation (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“**Associate**” means (i) Managing Party, (ii) if Franchisee is a corporation, partnership, limited liability company, or other form of entity, a manager, officer, member, director, partner, shareholder, non-managing party, owner, or any of the foregoing’s immediate family members who have access to the Confidential Information or Trade Secrets, (iii) a Contract Facilitator, (iv) if Franchisee is an individual, the immediate family member of Franchisee who has access to the Confidential Information or Trade Secrets, (v) an employee, agent, or contractor who has access to the Confidential Information or Trade Secrets, or (vi) a Guarantor who has signed the TAB Boards International, Inc. Guarantee and Assumption of Franchisee’s Obligations attached as Exhibit III to the Agreement.

“**Board**” means a group of business leaders who become Members and participate in Board Meetings.

“**Board Meeting**” means the meeting of a Board where a TAB franchisee, a Business’s managing party, or a Contract Facilitator acts as the Facilitator.

“**Business**” means the operation of a business using the Licensed Methods, TAB System, and Trademarks to form Boards of Members, Facilitate Board Meetings, offer strategic planning services, and provide business coaching to Members.

“**Business Assessment Fees**” means a fee paid by Members for registration as a new Member.

“**Calendar Quarter**” means a consecutive three-month period beginning on the first days of January, April, July, or October.

“**Calendar Year**” means a consecutive twelve-month period beginning on January 1 and ending on December 31.

“**Change of Membership Status Reports**” means the reports provided to TAB that provide Member status change information or such other information as TAB prescribes.



**“Coaching Services”** means the business coaching services conducted by a business coach designated by TAB.

**“Collected TAB Revenue”** means the TAB Revenue collected by TAB from the operation of Franchisee’s Business.

**“Competitive Activity”** means marketing services and products using methodology that is the same as or materially similar to the methodology of the Licensed Methods, marketing or facilitating groups of business leaders that are the same as or materially similar in nature to Boards, providing regularly-scheduled private coaching sessions using methodology that is the same as or materially similar to the methodology of the Licensed Methods, mentoring or providing strategic planning services for business owners or their planning teams, directly or indirectly providing services of the type provided by TAB or Affiliates where those services are provided in relation to businesses of the type described above, directly or indirectly owning, whether beneficially or of record of any capital stock, partnership interest, membership interest, or any other interest in a business or entity that engages in the activities described above, directly or indirectly participating in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, contractor, or consultant, or in any other capacity of any entity, business, or person that engages in the activities described above, franchising, licensing, conducting, or being connected with or assisting any person, entity, or business to franchise, license, conduct, or be connected with the activities described above, or directly or indirectly diverting or attempting to divert any business related to, or any customer or account of, Franchisee’s Business, TAB, Affiliates, any other Business operated by TAB, its franchisees, licensees or Affiliates, Other Businesses, or any other business then being offered or operated by TAB or Affiliates in the Protected Territory, or directly or indirectly diverting or attempting to divert the employment of any employee or Contract Facilitators of TAB or another TAB franchisee, licensee, or Affiliate to any entity to conduct activities described above.

**“Confidential Information”** means the operations, marketing, materials and databases, advertising, business development, and related information that are developed and utilized in connection with the operation of Franchisee’s Business and the Operations Manual, all aspects of the Licensed Methods, Membership Information, the terms of the Agreement, and all TAB’s or Affiliates’ proprietary information (whether in print, electronic, oral, or other form). Confidential Information does not include information that is publicly known at the time of disclosure, that subsequently becomes publicly known through no fault of Franchisee, or that is disclosed by Franchisee with TAB’s prior written approval.

**“Consumer Price Index”** means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All Items, and Major Group Figures for all Urban Consumers (CPI U 1982 – 84 = 100).

**“Continuing Advanced Training”** means the advanced training Franchisee or Managing Party and Franchisee’s Contract Facilitators must attend if TAB offers such training.

**“Contract Facilitator”** means an individual that has satisfactorily completed TAB’s training and is engaged by a TAB franchisee in such TAB franchisee’s Business to form or facilitate Boards and to provide coaching to Members.

**“Contract Facilitator Agreement”** means the form of contract facilitator agreement (including all exhibits, ancillary documents, and guarantees attached thereto) to be entered into by Franchisee and Franchisee’s Contract Facilitators.

**“Contract Facilitator Training”** means the required training a Contract Facilitator must satisfactorily complete to become a certified Facilitator and coaching provider.

**“Contract Facilitator Training Fee”** means the then-current fee TAB charges for Contract Facilitator Training.

**“Copyrighted Materials”** means all manuals, the Operations Manual, Licensed Methods, systems, logos, designs, marketing materials, layouts of advertising materials, copyrights, writings, recordings, binders, videos, Microsite content, other web content, electronic files, agreements, forms, books, software, and printed materials, etc. including all revisions, changes, modifications, and derivatives of or to any of the foregoing, related to Franchisee’s Business or provided to Franchisee by TAB, its designees or Affiliates including all additions, modifications, derivatives, alterations, and improvements thereto.

**“CRM System”** means the designated customer relationship management system required to be used in Franchisee’s Business.

**“Default”** means Franchisee’s failure to comply with Franchisee’s obligations under the Agreement or the Operations Manual, or Franchisee meeting the conditions described in Sections 17.2 or 17.3.

**“Dispute”** means any disputes, controversies, or claims between TAB, Affiliates, shareholders, owners, officers, directors, agents, employees, and attorneys (in their respective capacities), and Franchisee and Managing Party, Franchisee’s owners, Guarantors, owners, affiliates, officers, directors, agents, and employees arising out of or related to the Agreement or any other agreement between the Parties relating to Franchisee’s Business or the relationship of the Parties hereto, arising out of the relationship of the Parties hereto, or arising out of the scope or validity of the Agreement or any other agreement between the Parties relating to Franchisee’s Business or the relationship of the Parties hereto or any provision thereof.

**“Effective Date”** means the date the Agreement is executed by TAB.

**“Facilitate”** means the act of promoting, organizing, and conducting Board Meetings in full compliance with TAB’s requirements.

**“Facilitator”** means an individual who promotes, organizes, and conducts Board Meetings in full compliance with TAB’s requirements or the act thereof.

**“Facilitator Intranet”** means the Intranet available to Facilitators.

**“Franchise Marketing Account”** means the segregated commercial or savings bank account set up by TAB as a marketing fund.

**“Franchisee”** means all persons, corporations, limited liability companies, partnerships, and other entities other than TAB. Franchisee, Franchisee’s owners, Franchisee’s assignees, and Franchisee’s transferees that in the context are applicable to an individual or individuals, will mean the owner or owners of an equity or voting interest of Franchisee’s Business or any such assignee or transferee, if Franchisee or such assignee or transferee is a corporation, partnership, limited liability company, or other entity.

**“Guarantors”** means those individuals identified on Exhibit III.

**“Improvements”** means any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements to the operation or promotion or otherwise in relation to Franchisee’s Business or Licensed Methods or any derivatives thereof.

**“Initial Franchise Fee”** means the fee Franchisee will pay TAB to purchase the right to operate a Business.

**“Initial Term”** means the period of years set out in Exhibit I commencing from the Start of Service Offering.

**“Initial Training Fee”** means the fee franchisees pay TAB for the Initial Training Program.

**“Initial Training Program”** means certain online training and the up to eight day training program conducted at TAB’s headquarters or virtually on a periodic basis.

**“Interim Period”** means the month-to-month period that Franchisee continues to operate Franchisee’s Business beyond the Initial Term of the Agreement or any subsequent Successor Terms.

**“International Conference”** means the annual conference produced by TAB for the TAB community at such location designated by TAB.

**“International Conference Facilitator Registration Fee”** means the registration fee Franchisee must pay for the International Conference.

**“Licensed Methods”** means individually and collectively the TAB System, Confidential Information, Trade Secrets, Copyrighted Materials, Trademarks, Operations Manual, and all other related TAB proprietary materials.

**“Managing Party”** means, if Franchisee is a partnership, corporation, limited liability company, or other legal entity, the individual owner or partner of such partnership, corporation, limited liability company, or other legal entity whom Franchisee designates to have management responsibility for operating Franchisee’s Business.

**“Marketing Collateral Materials”** means the item Franchisee delivers to a person that signs up to attend a Marketing Event. Marketing Collateral Materials may be created, revised, or discontinued in TAB’s discretion.

**“Marketing Development Fee”** means the monthly fee Franchisee pays to TAB that is deposited in the Franchise Marketing Account.

**“Marketing Event”** means a marketing event that prospective Members in the Protected Territory are invited to attend to learn about the value of TAB membership.

**“Marketing Fee”** means the amount Franchisee pays TAB to provide Marketing Support for the first required Mass Marketing Campaign and any other initial marketing efforts.

**“Marketing Lists”** means the lists of Prospects in the Protected Territory.

**“Mass Marketing Campaign”** means a marketing campaign Franchisee conducts as part of Franchisee’s Business to solicit prospects in the Protected Territory to attend a Marketing Event or a one-on-one meeting to become Members.

**“Marketing Support”** means the marketing support provided by TAB or Affiliates or designees to assist Franchisee in conducting a Mass Marketing Campaign.

**“Member”** means a business leader who participates in Boards or receives coaching using the Licensed Methods.

**“Member Administration and Support Fee”** means the monthly fee Franchisee pays TAB for TAB’s administrative services.

**“Membership Dues”** means the dues Franchisee will charge Members for participating in Boards and the fees Franchisee will charge Members for receiving coaching.

**“Membership Information”** means all aspects of soliciting new Members, written agreements with Members, Member lists, Member information, and records (including names, addresses, phone numbers, and email addresses), Marketing Lists, documents, correspondence, files, lists of renewal dates, rates, and literature of whatever form regarding Boards, Members, or prospective Members with whom Franchisee discusses or has an appointment to discuss any of the Licensed Methods or Franchisee’s Business in the past, present, or future. The term “Membership Information” does not include Franchisee’s work product or matters related solely to an Ancillary Business.

**“Mentor”** means an individual who provides Support Training Services to Franchisee.

**“Mentor Travel and Living Expenses”** means the travel, accommodation, and living expenses incurred by a Mentor when the Mentor provides Support Training Services.

**“Microsite”** means the website TAB licenses to Franchisee for use in Franchisee’s Business.

**“Minimum Performance Requirement”** means the minimum amount of Collected TAB Revenue TAB must collect on Franchisee’s behalf each Calendar Quarter beginning on the tenth month from the Start of Service Offering.

**“Minimum Royalty Fee”** means the minimum monthly fee Franchisee pays TAB beginning on the tenth month after the Start of Service Offering.

**“MM Territory”** means a Protected Territory comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business.

**“New TAB Franchisee Business Coaching”** means the business coaching Franchisee receives from a business coach designated by TAB.

**“New Member Kits”** means a kit containing general membership information for Franchisee’s new Members.

**“NMM Territory”** means a Protected Territory comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business that TAB reasonably believes does not have the demographic and geographic characteristics to qualify as an MM Territory. An NMM Territory is only offered in TAB’s sole discretion if no MM Territory is available in the geographic region where the proposed Business is to be located.

**“Operations Manual”** includes, without limitation, collectively, all directives, books, pamphlets, bulletins, memoranda, roll out guides, order forms, packing slips, invoices, letters, email, Internet or Intranet data, manuals, electronic materials, written materials, audio materials, websites, training materials, other publications, documents, software programs, videotapes, transmittances or communications in whatever form (including electronic form) prepared by or on behalf of TAB for use by TAB franchisees generally or for Franchisee in particular setting forth information, advice, standards, requirements, marketing information and procedures, operating procedures, instructions, or policies relating to the operation of the Business, use of the Trademarks, or the Licensed Methods as they may be added to, deleted, or otherwise amended by TAB from time to time.

**“Other Businesses”** means businesses that may use the Licensed Methods but do not involve forming or facilitating a Board and do not use any of the Trademarks or words that are confusingly similar to the Trademarks. Such Other Businesses may include, without limitation, business educational briefings, seminars/workshops, training, sales, groups of single discipline business professionals, and business coaching/consulting services.

**“Party”** means either Franchisee or TAB.

**“Parties”** means Franchisee and TAB collectively.

**“Promotional Materials”** means brochures, books, videos, DVDs, CD-ROMs, slides, forms, and other promotional materials TAB requires Franchisee to have for use in Franchisee’s Business including the Start-Up Materials and New Member Kit, or such additional or replacement items that TAB may determine.

**“Prospect Exception”** is a prospective Member that (i) has a relationship with Franchisee that existed before the Effective Date, or that developed out of an association that occurred naturally and was not solicited, (ii) has been referred to Franchisee by a Member or other party who personally knows the referred prospective Member (so long as such referring party did not solicit such prospective Member outside the Protected Territory on Franchisee’s behalf), (iii) has attended a Marketing Event in the Protected Territory presented by Franchisee before the Effective Date if Franchisee was an authorized Contract Facilitator for TAB or for another TAB franchisee before Franchisee became a franchisee, or (iv) is otherwise deemed a Prospect Exception by TAB in TAB’s reasonable discretion. TAB may also deem a prospective Member who would otherwise qualify as a Prospect Exception to not be a Prospect Exception in TAB’s reasonable discretion.

**“Prospect Exception Fee”** is the amount that Franchisee pays when Franchisee recruits a Prospect Exception to either the Franchise Marketing Account or any TAB franchisee who would otherwise have territorial rights to the Prospect Exception’s geographical location as appropriate.

**“Prospects”** means those prospective Members with offices in the Protected Territory who operate businesses that meet certain Member specifications.

**“Protected Territory”** means an area containing up to 20,000 total businesses, as determined by third party vendors selected by TAB, where Franchisee will operate Franchisee’s Business that is specifically described in Exhibit I.

**“Renewal Fee”** means the fee Franchisee pays to TAB to renew Franchisee’s right to operate Franchisee’s Business for a Successor Term.

“**Royalty Fee**” means the monthly fee Franchisee pays TAB based on a percentage of annual Collected TAB Revenue after the Start of Service Offering.

“**Small Territory**” means a Protected Territory comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business that TAB reasonably believes does not have the demographic and geographic characteristics to qualify as an MM Territory or an NMM Territory and the total population is less than 100,000 residents. A Small Territory is only offered in TAB’s sole discretion if no MM Territory or NMM Territory is available in the geographic region where the proposed Business is to be located.

“**Start of Service Offering**” means the date Franchisee begins marketing and offering services to the public.

“**Start-Up Materials**” means branded folders, brochures, or such additional or replacement items that TAB may determine.

“**StratPro**” means TAB’s proprietary strategic business plan implementation process.

“**StratPro Training**” means the training program for TAB’s proprietary strategic business plan implementation process conducted at TAB’s headquarters or virtually on a periodic basis.

“**Successor Term**” means additional consecutive periods following the Initial Term equal to the period of the Initial Term set out in Exhibit I (seven or ten years), or such other period as set out in the Franchise Agreement then in effect between TAB and Franchisee.

“**Supplemental Products and Services**” mean such books, audiotapes, videotapes, CD-ROMs, DVDs, Internet-based assessments, newsletters, and other products and services developed by TAB or Affiliates for use in Franchisee’s Business. Revenue obtained by Franchisee from the sale of Supplemental Products and Services is neither part of the TAB Revenue nor subject to the Royalty Fee.

“**Support Training Services**” means the support and training provided to Franchisee in person or virtually by a Mentor as scheduled by TAB or otherwise.

“**Support Training Services Fee**” means the then-current fee Franchisee pays TAB for additional Support Training Services Franchisee may receive after Franchisee’s Initial Training Program.

“**TAB Indemnified Parties**” means TAB, its subsidiaries and Affiliates, and their respective shareholders, directors, officers, employees, attorneys, agents, successors, and assigns.

“**TAB Membership Revenue**” means the Membership Dues and Business Assessment Fees collected on a monthly basis.

“**TAB Revenue**” means the amount of gross revenue derived from Franchisee’s Business including, without limitation, Membership Dues, Business Assessment Fees, and Additional Revenue From the TAB Opportunity regardless of the actual amounts received by TAB or Franchisee.

“**TAB System**” means the proprietary methods, processes, and systems to operate a Business including, without limitation, know-how, Confidential Information, the Operations Manual, Trade Secrets, and the Licensed Methods as they may be changed, improved, modified, and further developed by TAB and Affiliates from time to time.

“**Trademarks**” means such service marks, trademarks, trade dress, and trade names as may presently exist or that may be modified, changed, or acquired by TAB or Affiliates that they license in connection with the operation of the TAB System. The current Trademarks are shown on Exhibit VII that may be amended, revised, or deleted by TAB at any time.

“**Term**” means the Initial Term, any Successor Term, and any Interim Period collectively.

“**Trade Secrets**” means information including systems, patterns, compilations, programs, methods, techniques, or processes that both derive actual or potential independent economic value from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from, its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

“**Transfer**” means and include any voluntary, involuntary, direct, or indirect assignment, sale, gift conveyance, transfer, or other disposition of an interest including, without limitation, of any capital stock, partnership interest, membership interest or other ownership interest in Franchisee, the merger or consolidation of Franchisee in bankruptcy or otherwise by operation of law or by court order, any change of control or management of Franchisee’s Business, or any change of control or management of any assets used in Franchisee’s Business.

“**Transfer Fee**” means the fee Franchisee pays TAB for a Transfer.

## 1. GRANT OF LICENSE

### 1.1 LICENSE TO OPERATE A BUSINESS.

(a) Grant. Subject to all the terms and conditions of the Agreement, TAB grants Franchisee, and Franchisee accepts, a license to use the Licensed Methods, TAB System and Trademarks solely for the purpose of operating a Business to form Boards of Members who participate in Board Meetings, to Facilitate Board Meetings where Franchisee, Managing Party, or a Contract Facilitator acts as a Facilitator or provides coaching to Members during the period of years set out in the Initial Term described in Exhibit I within the Protected Territory described in Exhibit I. The rights granted to Franchisee by the Agreement are limited to the Protected Territory and are subject to the reservations of rights described in Section 1.2.

(b) Additional Businesses. Franchisee has no right of first refusal, options, right to acquire additional Businesses or increase the Protected Territory. Franchisee may qualify for an additional Business if:

(i) Franchisee is in full compliance with the Agreement, the Operations Manual, and any other directives from TAB; and

(ii) Franchisee and Guarantors meet TAB’s then-current qualifications for new TAB franchisees.

Even if Franchisee meets the above qualifications, it is within TAB’s sole discretion whether to offer or grant Franchisee any rights to acquire additional Businesses.

1.2 RESERVATION OF RIGHTS. The license granted by the Agreement is nonexclusive and certain rights are retained and reserved as described below notwithstanding anything contained in the Agreement to the contrary. Franchisee will not be entitled to any compensation from TAB or Affiliates if any of the rights reserved below are exercised.

(a) To TAB and Affiliates. Except as limited by Section 2.1(b), the following rights are reserved to TAB, Affiliates, and their successors and assigns:

(i) To use or license the use of the Licensed Methods or components thereof for the operation of Businesses without the Trademarks anywhere within or outside the Protected Territory, regardless of proximity to the Protected Territory;

(ii) To use or license the use of the Licensed Methods or components thereof for the offering or providing of Supplemental Products and Services or StratPro without the Trademarks anywhere within or outside the Protected Territory;

(iii) To use or license the use of the Licensed Methods or components thereof to market or conduct on an international, nationwide, regional or local basis, conventions, conferences, briefings, workshops, or seminars for Members or non-Members, in person or through electronic media or other forms of communication anywhere within or outside the Protected Territory;

(iv) To have direct communications including, without limitation, conducting research surveys or testing programs with any party anywhere within or outside the Protected Territory. Such direct communications may include, without limitation, TAB or its designee contacting Franchisee, Franchisee's Members or Franchisee's prospective Members. Franchisee will participate in such direct communications as reasonably requested by TAB;

(v) To offer and sell, or license or franchise others to offer and sell, products and services for Other Businesses, and market Other Businesses to anyone including prospective and existing TAB franchisees and Members anywhere within or outside the Protected Territory. TAB may obtain prospect lists from any sources or through any methods of developing prospects for Other Businesses;

(vi) To acquire businesses that are the same as or similar to Franchisee's Business and operate such businesses anywhere within or outside of the Protected Territory, and to be acquired by any third party that operates businesses that are the same as or similar to Franchisee's Business anywhere within or outside the Protected Territory; and

(vii) To use alternative distribution channels including, without limitation, the Internet, to offer and sell products and services that may use the Licensed Methods under the Trademarks or other trademarks within or outside the Protected Territory.

(b) To Allen E. Fishman. Allen E. Fishman, his successors, and his assigns reserve the right to give presentations, publish books, and otherwise communicate information in any form relating to the TAB System and to use the Trademarks in connection therewith anywhere within or outside the Protected Territory.

## 2. PROTECTED TERRITORY

### 2.1 PROTECTED TERRITORY.

(a) Protected Territory. The Protected Territory is set out on Exhibit I of the Agreement.

(b) TAB's and Affiliates' Prohibited Activities. Subject to the provisions of Section 1.2 and Section 2.2, as long as Franchisee is not in Default, during the Term, TAB, Affiliates, and their successors and assigns will not engage in or license others to engage in:



(i) The operation of a Business in the Protected Territory; or

(ii) Soliciting prospective Members with offices only in the Protected Territory for participation in Boards that Franchisee does not Facilitate, except for prospective Members that have (aa) a relationship with the soliciting party that existed before the Effective Date, or that developed out of an association that occurred naturally and was not solicited, (bb) been referred to the soliciting party by a Member or other party who personally knows the referred prospective Member (so long as such referring party did not solicit such prospective Member outside the Protected Territory on the soliciting party's behalf), or (cc) attended a Marketing Event in the Protected Territory presented by the soliciting party before the Effective Date if the soliciting party was an authorized Contract Facilitator for TAB or for another TAB franchisee before Franchisee became a TAB franchisee, and those prospective Members that have offices within and outside the Protected Territory.

(c) Exclusivity Exceptions. TAB may not offer the exclusivity described above in Section 2.1(b) for protected territories located in certain major metropolitan areas. Such exceptions will be made in TAB's sole discretion and disclosed to any potential TAB franchisee considering such a protected territory.

(d) Characteristics of the Protected Territory. The Protected Territory may vary significantly in terms of size, number of total businesses and demographics from the protected territories of other TAB franchisees due to density of population, business potential, business practice or any other conditions deemed important by TAB, and TAB will have no obligation to grant Franchisee like or similar variations.

2.2 **MINIMUM PERFORMANCE REQUIREMENT.** Beginning on the tenth month from the Start of Service Offering, Franchisee will be required to meet the Minimum Performance Requirement each Calendar Quarter to maintain exclusivity for the Protected Territory. To maintain exclusivity, Franchisee must pay aggregate Royalty Fees in excess of the applicable monthly Minimum Royalty Fees for the Calendar Quarter. If Franchisee's tenth month following the Start of Service Offering does not fall in the beginning of a Calendar Quarter, the Minimum Performance Requirement will be prorated. If Franchisee does not meet the Minimum Performance Requirement in any given Calendar Quarter, TAB may require Franchisee to participate in a remedial process. **If Franchisee fails to comply with the remedial process as determined by TAB, or Franchisee continues to fail to meet the Minimum Performance Requirement in any two consecutive Calendar Quarters or more than four times in any 24-month period, TAB will have the right to revoke the exclusivity of the Protected Territory and to operate Businesses or authorize third parties to operate Businesses anywhere within the Protected Territory.**

2.3 **TERRITORY SIZE.** The Protected Territory will be classified as one of the following:

(a) Major Market Territory. An MM Territory is comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business containing certain demographic and geographic characteristics; or

(b) Non-Major Market Territory. An NMM Territory is comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business that TAB reasonably believes does not have the demographic and geographic characteristics to qualify as an MM Territory. An NMM Territory is only offered in TAB's sole discretion when no MM Territory is available in the geographic region where the proposed Business is to be located.

(c) Small Territory. A Small Territory is comprised of certain ZIP codes, postal codes, or counties where a TAB franchisee intends to operate a Business that TAB reasonably believes does not have

the demographic and geographic characteristics to qualify as an MM Territory or NMM Territory. A Small Territory is only offered in TAB's sole discretion when no MM Territory or NMM Territory is available in the geographic region where the proposed Business is to be located.

### 3. INITIAL TERM

#### 3.1 TERM.

(a) Operation During the Term. Franchisee will operate Franchisee's Business for the entirety of the Term.

(b) Initial Term. The Initial Term of the Agreement will be for a period of years as set out in Exhibit I, commencing on the Start of Service Offering, unless terminated sooner in accordance with the Agreement.

#### 3.2 INTERIM PERIOD.

(a) Holding Over. If Franchisee does not sign the then-current Franchise Agreement prior to the expiration of the Initial Term or any Successor Term as set out in Section 4.1(b), and Franchisee continues to accept the benefits of the Agreement after it expires, then, at TAB's option, the Agreement may be treated as either (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of TAB's rights, or (ii) continued for an 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. In the latter case, all of Franchisee's and TAB's obligations will remain in full force and effect during the Interim Period (except as provided for in Section 3.2(b)) as if the Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of the Agreement will be deemed to take effect upon termination of the Interim Period.

(b) Fees During Interim Period. If Franchisee continues to operate Franchisee's Business during an Interim Period, Franchisee will pay TAB a monthly fee as set out in Section 5.2(p).

3.3 EARLY TERMINATION. On or after the third anniversary of the Start of Service Offering, Franchisee may terminate the Agreement by providing TAB with 120 days' prior written notice of Franchisee's intent to terminate the Agreement pursuant to this Section 3.3. To terminate the Agreement, Franchisee will be required to sign TAB's then-current Voluntary Termination and Release Agreement, pay an early termination fee as set out in Section 5.2(u) and any other outstanding financial obligations at the time Franchisee elects to terminate the Agreement, and reasonably cooperate with TAB with respect to the termination process. All post-termination provisions of the Agreement will apply.

### 4. SUCCESSOR TERM

4.1 SUCCESSOR TERM. Upon the expiration of the Initial Term of the Agreement, Franchisee may renew Franchisee's right to operate Franchisee's Business for additional Successor Terms if Franchisee meets the following conditions. If Franchisee fails to meet the following conditions, TAB may refuse to renew Franchisee's right to operate Franchisee's Business:

(a) Franchisee will deliver written notice to TAB of Franchisee's intent to renew. The notice must be received no earlier than twelve months and no later than six months prior to the expiration date of the Initial Term or Successor Term under which Franchisee is then operating;

(b) No later than 90 days before the expiration date of the Initial Term or Successor Term (as applicable), Franchisee will execute the then-current form of TAB Boards International, Inc. Franchise Agreement. The new TAB Boards International, Inc. Franchise Agreement will supersede the Agreement and may contain materially different terms and fees from those contained in the Agreement. There will not be another Initial Franchise Fee charged in connection with the extension of Franchisee's right to operate Franchisee's Business. IN TAB'S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND FRANCHISEE'S RIGHTS TO OPERATE FRANCHISEE'S BUSINESS (AND FRANCHISEE'S OPTION TO RENEW WILL THEREUPON TERMINATE) IF FRANCHISEE FAILS TO EXECUTE AND RETURN TO TAB THE THEN-CURRENT FORM OF TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY TAB WITHIN 30 DAYS AFTER DELIVERY TO FRANCHISEE OR FRANCHISEE FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 4;

(c) No later than 90 days before the date of expiration of the Agreement, Franchisee will pay TAB the Renewal Fee in the amount set out in Section 5.2(q);

(d) Franchisee, Managing Party, and Franchisee's owners will execute and deliver to TAB a general release in a form prescribed by TAB of all claims against TAB and Affiliates;

(e) Prior to expiration of the Initial Term or any Successor Terms, Franchisee will attend and satisfactorily complete such refresher training as TAB may require as a condition of renewal in TAB's sole discretion and pay TAB the then-current fees for such refresher training;

(f) Franchisee must have cured any curable Defaults under the Agreement and any other agreement between Franchisee and TAB or Affiliates. Franchisee's failure to cure any such Defaults or the existence of any such Defaults that by their nature are not curable by the date that is 90 days before the expiration of the applicable Initial Term or Successor Term will invalidate and nullify any right Franchisee may have to renew Franchisee's right to operate Franchisee's Business;

(g) Franchisee must not have committed and received notice of two or more Defaults of the Agreement in the 24 months prior to the end of the applicable Initial Term or Successor Term, even if such Defaults were timely remedied;

(h) Franchisee, Managing Party, Franchisee's owners, and Guarantors will meet with TAB's then-current qualifications and standards; and

(i) Franchisee will have all licenses, insurance, registrations, and approvals required by TAB or any applicable governing authority to operate Franchisee's Business.

## 5. PAYMENTS TO TAB OR THIRD PARTIES

5.1 PAYMENTS DUE AT TIME OF AGREEMENT EXECUTION. Franchisee must pay the following amounts to TAB when Franchisee signs the Agreement. These fees are not refundable under any circumstances:

(a) Initial Franchise Fee. The Initial Franchise Fee of \$44,000.00 for an MM Territory, \$29,500.00 for an NMM Territory, or \$19,500.00 for a Small Territory;

(b) Initial Training Fee. The Initial Training Fee of \$24,500.00; and

(c) Marketing Fee. The Marketing Fee of \$9,865.00.

5.2 PAYMENTS DUE AFTER AGREEMENT EXECUTION. In addition to other fees and charges as may be described elsewhere in the Agreement, Franchisee will pay the following fees and charges to TAB, Affiliates, or third parties, as designated by TAB. The fees and charges are not refundable under any circumstances:

(a) Royalty Fee. After the Effective Date and for the first nine months following the Start of Service Offering, Franchisee will pay TAB the Royalty Fee in an amount equal to 20% of the first \$125,000.00 of Calendar Year Collected TAB Revenue, and 10% of the Collected TAB Revenue equal to \$125,001.00 or greater, as follows:

AMOUNT OF ANNUAL COLLECTED TAB REVENUE	ROYALTY FEE
\$0.00 to \$125,000.00	20%
\$125,001.00 or greater	10%

Beginning on the tenth month after the Start of Service Offering, in any given Calendar Year, Franchisee will pay TAB a monthly Royalty Fee in an amount equal to the greater of the Royalty Fee above or the Minimum Royalty Fee, as follows:

MONTHS FROM THE START OF SERVICE OFFERING	MINIMUM ROYALTY FEE
10 to 13	\$450.00
14 to 18	\$900.00
19 and remainder of the Initial Term for a Small Territory	\$1,000.00
19 to 24 for an MM Territory or an NMM Territory	\$1,350.00
25 and remainder of the Initial Term for an NMM Territory	\$1,500.00
25 and remainder of the Initial Term for an MM Territory	\$1,800.00

Franchisee will always pay the Minimum Royalty Fee without regard to the percentage rate of the Royalty Fee. Franchisee will not pay the Royalty Fee on revenue generated from providing business consulting services to Members or non-Members if the business consulting services do not include tools and programs introduced, developed, or promoted by TAB. If Franchisee purchases an ongoing Business from a TAB franchisee or executes the Agreement in order to renew Franchisee's right to operate Franchisee's Business, beginning on the Start of Service Offering, Franchisee will pay TAB a monthly fee in an amount equal to the greater of the Royalty Fee above or a Minimum Royalty Fee of \$1,800.00 for an MM Territory if Franchisee is a new Franchisee, \$1,500.00 for an NMM Territory if Franchisee is a new Franchisee, \$1,000.00 for a Small Territory if Franchisee is a new Franchisee, or Franchisee's then-current Minimum Royalty Fee if Franchisee is a renewing Franchisee. Notwithstanding anything in the Agreement to the contrary, Franchisee will not pay a percentage royalty on Business Assessment Fees in addition to the amount required by Section 5.2(s);

(b) Support Training Services Fee for Additional Support Training Services. If TAB provides Franchisee with Support Training Services after the completion of Franchisee's Initial Training Program, Franchisee will pay the then-current Support Training Services Fee. The Support Training Services Fee is due upon receipt of invoice or may be deducted from the Collected TAB Revenue in TAB's discretion;

(c) Mentor Travel and Living Expenses. Franchisee will pay Mentor Travel and Living Expenses incurred by any Mentor during the period the Mentor provides Support Training Services.

Franchisee will pay certain Mentor Travel and Living Expenses directly to third party travel and restaurant suppliers. Payment for any Mentor Travel and Living Expenses paid directly by TAB will be due upon Franchisee's receipt of invoice;

(d) Promotional Materials. Franchisee will receive an initial set of New Member Kits and Start-Up Materials included as part of the Marketing Fee except for shipping in the amounts determined by TAB. Franchisee will purchase additional New Member Kits or Start-Up Materials at TAB's then-current rate, plus shipping;

(e) Supplemental Products and Services. If required by TAB, Franchisee will pay TAB the then-current costs for any Supplemental Products and Services that Franchisee offers through Franchisee's Business. Prices may include a reasonable mark-up;

(f) Other Products and Services. Franchisee will pay TAB the then-current fees for any additional products and services it may offer to Franchisee from time to time. Prices may include a reasonable mark-up;

(g) Member Administration and Support Fee. Beginning on the earlier of the first month after the Start of Service Offering or the date specified in Exhibit I, Franchisee will pay the Member Administration and Support Fee at the then-current rate for each of Franchisee's Members;

(h) International Conference Facilitator Registration Fees. Franchisee will pay the then-current International Conference Facilitator Registration Fee for Franchisee or Managing Party and one additional attendee to attend the International Conference regardless of attendance (although attendance is mandatory). The International Conference Facilitator Registration Fee is for the programming dedicated solely to the portion of the International Conference intended for a Facilitator and does not include any Member conference expense. If Franchisee elects to have more attendees at the International Conference in addition to the two attendees included in the then-current International Conference Facilitator Registration Fee, Franchisee will pay TAB the then-current fee for such additional attendees. Franchisee will also pay for all travel and living expenses for Franchisee, Managing Party, and any additional participants who attend the International Conference;

(i) Marketing Collateral Materials. Franchisee will receive Marketing Collateral Materials included as part of the Marketing Fee except for shipping in the amounts specified by TAB. Franchisee will purchase additional Marketing Collateral Materials at TAB's then-current rate, plus shipping;

(j) Coaching Services Fees and Expenses. Franchisee will pay TAB the then-current coaching service fees and expenses for any Coaching Services Franchisee requests after the six-month period following the Start of Service Offering. Franchisee will pay all applicable telephone or other communication expenses incidental to the provision of Coaching Services;

(k) Contract Facilitator Training Fee. If Franchisee elects to engage a Contract Facilitator, Franchisee will pay the then-current Contract Facilitator Training Fee for each of Franchisee's Contract Facilitators attending the required Contract Facilitator Training. Payment of the Contract Facilitator Training Fee is due no later than ten days from the date of invoice;

(l) Marketing Development Fee. If Franchisee purchases a new Business, for each month from the Effective Date through the first twelve months following the Start of Service Offering, Franchisee will pay TAB the Marketing Development Fee in an amount of 4% of the Collected TAB Revenue for any applicable month. Beginning the thirteenth month after the Start of Service Offering, the Marketing Development Fee will be the greater of:

- (i) \$300.00; or
- (ii) 4% of the Collected TAB Revenue for the applicable month.

If Franchisee purchases an ongoing Business from a TAB franchisee, beginning on the Start of Service Offering, Franchisee will pay TAB the Marketing Development Fee in an amount of the greater of:

- (i) \$300.00; or
- (ii) 4% of the Collected TAB Revenue for the applicable month.

Franchisee's Marketing Development Fee will be deposited by TAB into the Franchise Marketing Account as further described in Section 10.1;

(m) Technology Fees. Franchisee will pay the then-current fees to TAB for the right to use the Microsite;

(n) Additional Marketing Support Fee. Franchisee will pay the then-current fee for any additional Marketing Support that Franchisee requests after Franchisee completes Franchisee's required initial Mass Marketing Campaign;

(o) Collection Costs. Franchisee will pay TAB, Affiliates, or a designated third party for all collection costs incurred to collect past-due sums from Franchisee's Members, provided that such expenses will not be incurred without Franchisee's prior approval;

(p) Holdover Fee. Franchisee will pay a fee to TAB if Franchisee continues to operate Franchisee's Business during an Interim Period that is the greater of:

(i) The Minimum Royalty Fee Franchisee was paying to TAB when the Initial Term or any subsequent Successor Term expired; or

(ii) 50% of the Collected TAB Revenue collected from Franchisee's Members during each month that Franchisee continues to operate Franchisee's Business pursuant to Section 3.2(a);

(q) Renewal Fee. Franchisee will pay a Renewal Fee of \$5,000.00;

(r) Transfer Fee. Franchisee will pay a Transfer Fee of \$7,500.00;

(s) Business Assessment Fee. For each new Member that Franchisee registers with TAB, Franchisee will pay TAB an amount that is the greater of:

- (i) \$100.00; or
- (ii) 20% of the Business Assessment Fee.

The payment will be incurred upon Franchisee's submission of the new Member's application to become a Member without regard to any Facilitation or Coaching Services Franchisee may or may not ultimately provide to such new Member;

(t) LinkedIn Prospecting Service Fee. If Franchisee uses LinkedIn prospecting services, Franchisee will pay the then current rate each month;

(u) Early Termination Fee. If Franchisee elects to terminate the Agreement on or after the third anniversary of the Start of Service Offering, Franchisee will pay 27% of the remaining Minimum Royalty Fee payments due under the Agreement as further described in Section 3.3; and

(v) Prospect Exception Fee. If Franchisee recruits a Prospect Exception, Franchisee will pay a Prospect Exception Fee to the Franchise Marketing Fund or any TAB franchisee who would otherwise have territorial rights to the Prospect Exception an amount that is the greater of:

(i) \$500.00; or

(ii) One month's standard Membership Dues for the Prospect Exception. Standard Membership Dues are the Membership Dues a Member pays after the conclusion of any introductory promotional Membership Dues reductions or deferments.

### 5.3 PAYMENT TERMS.

(a) Method of Payment. TAB will use reasonable efforts each month to collect the TAB Revenue from Franchisee's Members to obtain the Collected TAB Revenue. After deducting the fees or amounts Franchisee owes TAB or Affiliates, TAB will pay Franchisee the balance of the Collected TAB Revenue on or about the tenth business day of each month. TAB will have no responsibility to Franchisee for Franchisee's share of the Collected TAB Revenue if a Member fails to pay TAB any sums owed. Franchisee bears the risk of non-collection from Franchisee's Members. Franchisee owns Franchisee's accounts receivables during the Term. At TAB's determination, certain fees may be payable in accordance with the terms and conditions of the invoice sent to Franchisee, provided that nothing herein is intended to prevent TAB from deducting any fees and sums owed by Franchisee to TAB or Affiliates from the Collected TAB Revenue. Franchisee is prohibited from directly billing Franchisee's Members for Franchisee's TAB Revenue without TAB's prior written approval. All billing will be provided by TAB as part of the Member Administration and Support Fee unless otherwise determined by TAB. Franchisee is responsible for Franchisee's billing for Franchisee's consulting or other services that do not include tools and programs introduced, developed, or promoted by TAB.

(b) Shipping. Franchisee will pay all shipping costs according to the terms of the invoices from TAB, Affiliates, or third parties.

(c) Credit Card Payments and Electronic Fund Transfers. In any given Calendar Year, for any Collected TAB Revenue collected by TAB from credit card payments or electronic fund transfers between \$0.00 and \$125,000.00, Franchisee will pay 80% of the associated third party fees and TAB will pay 20% of the associated third party fees charged to TAB. For any Collected TAB Revenue collected by TAB from credit card payments or electronic fund transfers that exceeds \$125,000.00, Franchisee will pay 90% of the associated third party fees and TAB will pay 10% of the associated third party fees charged to TAB. Franchisee is prohibited from arranging for separate credit card payment processing or electronic funds transfer processing for Franchisee's Business. If Franchisee pays any initial fees set out in Section 5.1 by credit card payment or electronic fund transfer, Franchisee is responsible for paying all associated third party fees.

(d) Interest on Late Payments and Late Fees. All amounts, fees, and charges that Franchisee owes to TAB, Affiliates, or service providers will bear interest from the date due until fully paid at the

lesser of 18% per annum or the maximum rate allowable by applicable law. TAB may also assess its then-current late charge for any late or non-submittals of reports, tips, or the like.

(e) Application of Payments and Right to Offset. If the Collected TAB Revenue is not sufficient to pay the applicable fees and amounts owed to TAB or Affiliates in any given month, TAB will bill Franchisee for the difference, and Franchisee must pay this amount directly to TAB within seven days of the date of notice from TAB of the deficiency. If Franchisee fails to pay such amounts when due, in addition to any other rights and remedies that TAB may have, TAB may deduct and offset the amounts due, plus any applicable penalties, late fees or interest, from future Collected TAB Revenue, any amounts owed by TAB to Franchisee, or any other amounts received from Franchisee or Franchisee's affiliates. TAB will have sole discretion to apply any payments received from Franchisee or any indebtedness of TAB to Franchisee against any past due indebtedness of Franchisee, Managing Party, or Franchisee's affiliates to TAB or Affiliates of whatever nature without regard to when such indebtedness arose or to interest.

(f) Payment of Taxes. Franchisee is solely responsible for paying any withholding, federal and state income taxes, social security taxes, sales taxes, and any other taxes incurred on behalf of Franchisee, Managing Party, Franchisee's owners, contractors, employees, or Franchisee's Business. Franchisee will reimburse TAB, Affiliates, and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by, or paid by TAB, Affiliates, or designees, on account of services or goods furnished to Franchisee by TAB, Affiliates, or designees, through sale, lease, or otherwise or on account of collection by TAB, Affiliates, or designees, on any payments or fees made by Franchisee to TAB, Affiliates, or designees required under the terms of the Agreement.

(g) Increases for Fees, Products, and Services. TAB may increase any fees due from Franchisee and charges for any products, materials, and services provided to Franchisee (whether referred to in this Section 5 or elsewhere in the Agreement), based on TAB's reasonable business judgment, from time to time. TAB will notify Franchisee of such increases at least 30 days before they go into effect. Annual increases in the Minimum Royalty Fee are limited to the percentage increase in the Consumer Price Index calculated on the same date each year that the annual increases in the Minimum Royalty Fee, products and services are determined. Any annual adjustment to the Minimum Royalty Fee will be applied beginning the first January following Franchisee's first full twelve months after the Start of Service Offering and each January thereafter, based on the previous Calendar Year's Consumer Price Index. Notwithstanding anything in the Agreement to the contrary, the prices will never decrease below the prices for the same items in the previous year. The Royalty Fee will not change during the Initial Term.

(h) Refunds. If TAB refunds any Collected TAB Revenue, Franchisee will return to TAB any funds TAB distributed to Franchisee that are the subject of such refund within ten days of the date of invoice sent by TAB.

## 6. SERVICES AND ASSISTANCE PROVIDED BY TAB

6.1 **TAB'S SERVICES.** TAB will offer Franchisee such initial and continuing services prior to the Start of Service Offering that TAB deems necessary or advisable to develop Franchisee's Business. TAB's failure to provide any particular service will not excuse Franchisee from any of Franchisee's obligations under the Agreement.

6.2 **INITIAL SERVICES.** The initial services provided by TAB, Affiliates, or designees prior to the Start of Service Offering are as follows:

(a) Designating the Protected Territory as described in Section 2.1(a) and Exhibit I;



- (b) Providing the Initial Training Program at TAB’s headquarters or virtually as described in Section 7.1(a);
- (c) Providing Franchisee with online study materials prior to Franchisee’s Initial Training Program;
- (d) Loaning Franchisee a copy of the Operations Manual;
- (e) Providing Franchisee with an initial set of Marketing Collateral Materials and New Member Kits at no charge except shipping. Additional Marketing Collateral Materials and New Member Kits may be provided to Franchisee at Franchisee’s request. TAB will charge Franchisee its then-current reproduction fees and shipping;
- (f) Providing Franchisee with a license to use the CRM System;
- (g) Providing Franchisee with the Microsite;
- (h) Providing Franchisee with access to the Facilitator Intranet; and
- (i) Providing Franchisee with guidance, strategy, and advice for Franchisee’s Business at Franchisee’s reasonable request during TAB’s regular business hours via telephone, videoconference, email, or other means determined by TAB.

6.3 CONTINUING SERVICES. The continuing services provided by TAB, Affiliates, designees, or area developers after the Start of Service Offering currently include:

- (a) For the Member Administration and Support Fee, providing Franchisee with administrative services including:
  - (i) Invoicing and routine collection of the Membership Dues and Business Assessment Fees. TAB collects Membership Dues one month in advance from Franchisee’s Members. TAB reserves the right to cease billing a Member that has resigned for future Membership Dues;
  - (ii) Sending payment reminder notices;
  - (iii) Developing, producing, and distributing the “Tips From the Top<sup>®</sup>” newsletter to Franchisee and Franchisee’s Members. The newsletter will be distributed through methods determined by TAB;
  - (iv) Sending, reviewing, and evaluating periodic surveys or evaluations to Franchisee’s Members;
  - (v) Providing access to a Member Intranet;
  - (vi) Providing periodic reports or newsletter for TAB franchisees with ideas and advice about Franchisee’s Business; and
  - (vii) Providing various membership administrative functions, from time to time, in TAB’s determination;

- (b) Providing the Support Training Services and Advanced Business Development Training;
- (c) Producing an annual International Conference;
- (d) At TAB's discretion, providing Franchisee with public relations release formats, local marketing plans and materials, and other promotional and marketing materials including, without limitation, newspaper advertisements, radio commercials, sales aids, and other promotional and marketing materials. Franchisee will pay any duplication costs for such materials;
- (e) Providing Franchisee with Marketing Support for required Mass Marketing Campaigns;
- (f) Providing the New TAB Franchisee Business Coaching. TAB may change Franchisee's designated business coach at any time;
- (g) Providing Franchisee with such Continuing Advanced Training as TAB may determine from time to time. Franchisee will pay Franchisee's communication costs to participate in the Continuing Advanced Training;
- (h) Providing Franchisee with the StratPro Training as TAB may determine from time to time;
- (i) Subject to availability, providing Franchisee with Contract Facilitator Training for Franchisee's Contract Facilitators;
- (j) Making a representative reasonably available to speak with Franchisee via telephone, videoconference, email, or other means during TAB's normal business hours, as TAB determines is necessary, to discuss Franchisee's Business and marketing plan strategy, and offer advice for Franchisee's Business. TAB may charge Franchisee for any additional assistance or resources that Franchisee requests; and
- (k) At TAB's discretion, developing improvements, new services, and products for use in Franchisee's Business including, without limitation, Supplemental Products and Services, that will become part of the Licensed Methods.

#### 6.4 OPERATIONS MANUAL.

(a) General Provisions. To protect TAB and maintain the standards of operation associated with the Licensed Methods, the Operations Manual may contain mandatory and suggested specifications, standards, and procedures for the operation of Franchisee's Business and information relating to Franchisee's other obligations hereunder. All such specifications, standards, and operating procedures will be reasonable in TAB's business judgment and will not fundamentally alter Franchisee's status and rights under the Agreement. Specifications, standards, and procedures prescribed from time to time by TAB in the Operations Manual, or otherwise communicated to Franchisee in writing, will constitute provisions of the Agreement as if fully set forth herein. The official current version of the Operations Manual is available online on the Facilitator Intranet.

(b) Changes to Operations Manual and Licensed Methods. The Licensed Methods may change to best serve the interests of TAB, Franchisee, other TAB franchisees and licensees, and the TAB System. TAB may (i) change the components of the Licensed Methods, (ii) delete, add to, or otherwise modify the products and services that Franchisee's Business is authorized to offer, (iii) change, improve, or modify the Trademarks, or (iv) delete, amend, or otherwise modify the Operations Manual. Franchisee may be notified of such changes by any method including, without limitation, email, posting the changes to the Facilitator

Intranet, mail, teleconference, videoconference, or facsimile. Franchisee is responsible for checking the Facilitator Intranet for changes to the Operations Manual and for implementing any updates and changes set out in the Operations Manual at Franchisee's cost regardless of whether Franchisee receives notice from TAB.

(c) Ownership of Operations Manual. The Operations Manual is loaned to Franchisee and will at all times remain the sole and exclusive property of TAB. Franchisee is prohibited from making copies of or otherwise disseminating all or any part of the Operations Manual. Franchisee will keep the Operations Manual in a secure place within Franchisee's Business's premises. Upon transfer, expiration, or termination of the Agreement, Franchisee will immediately destroy or return to TAB all copies of the Operations Manual that Franchisee may have at TAB's direction.

## 6.5 PERFORMANCE OF SERVICES.

(a) Notice. If Franchisee believes TAB has failed to adequately provide pre-opening and opening services to Franchisee as provided in the Agreement, Franchisee will notify TAB in writing within 30 days following TAB's provision of such services. Without the timely provision of such notice to TAB, Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by TAB were sufficient and satisfactory in Franchisee's judgment.

(b) Level of Service. TAB is not obligated to perform services set forth in the Agreement to Franchisee's particular level of satisfaction, but as a function of TAB's experience, knowledge, and business judgment. TAB does not represent or warrant that any other services will be provided to Franchisee other than as set forth in the Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of TAB, without which TAB will not be obligated to provide any other services or specific level or quality of services.

## 7. TRAINING

### 7.1 TRAINING PROGRAMS.

(a) Initial Training Program. Prior to the Start of Service Offering, TAB or its designees will provide Franchisee with an Initial Training Program consisting of online study materials and an up to eight day training program at TAB's corporate training and support location, at such other location designated by TAB, or virtually. The Initial Training Program may be conducted over consecutive days or in separate sessions at TAB's discretion. Franchisee or Managing Party must attend and satisfactorily complete the Training Program within six months of signing the Agreement. The dates of Franchisee's scheduled Training Program are set forth in Exhibit I. Franchisee will complete any home study requirements prior to participating in the Training Program. The Initial Training Program curriculum will be determined by TAB. Upon satisfactorily completing the Initial Training Program, Franchisee will receive TAB's certification as a "Certified TAB Facilitator;"

(b) Support Training Services. TAB will provide Franchisee with Support Training Services for up to eight days at a time designated by TAB. Franchisee is responsible for any Mentor Travel and Living Expenses as described in Section 5.2(c);

(c) Advanced Business Development Training. At a time designated by TAB, TAB will provide Advanced Business Development Training for up to two days at TAB's headquarters, at such other location as designated by TAB, or virtually. Franchisee must attend and satisfactorily complete the

Advanced Business Development Training at the time designated by TAB. Franchisee will complete any home study requirements prior to attending the Advanced Business Development Training;

(d) New TAB Franchisee Business Coaching. After Franchisee completes the Initial Training Program described in Section 7.1(a), TAB or its designated business coach will provide Franchisee with, and Franchisee will participate in, New TAB Franchisee Business Coaching. There is no additional fee for the initial period of New TAB Franchisee Business Coaching;

(e) StratPro Training. TAB will provide StratPro Training as TAB may determine from time to time;

(f) Number of Attendees. In addition to Franchisee or Managing Party attending the Initial Training Program described in Section 7.1(a), Franchisee may, upon TAB's prior approval and available capacity, elect to have additional people attend the Initial Training Program. The Initial Training Fee will cover the costs for Franchisee or Managing Party to attend the Training Program described in Section 7.1(a). If Franchisee elects to have additional participants attend the Initial Training Program described in Section 7.1(a), Franchisee will pay TAB the then-current fees for additional participants in accordance with TAB's invoice. Franchisee will also pay any travel, living expenses, and wages that Franchisee, Managing Party, or any additional attendees incur to attend.

(g) Coaching Services. Subject to business coach availability, Franchisee may be required to participate in additional Coaching Services if Franchisee does not meet the Minimum Performance Requirement. Coaching Services may be provided in any manner that TAB or its designated business coach determine including, without limitation, by telephone, in person, or virtually. Franchisee will pay TAB its then-current fees and expenses for Coaching Services.

(h) Continuing Advanced Training. Franchisee or Managing Party and Franchisee's Contract Facilitators may be required to participate in any Continuing Advanced Training. Continuing Advanced Training may be provided via various methods including, without limitation, via telephone, in person, or virtually. TAB may require Franchisee or Managing Party and Franchisee's Contract Facilitators who participate in the Continuing Advanced Training to complete and satisfactorily pass exams after each Continuing Advanced Training session. TAB does not currently charge a fee for Continuing Advanced Training but may do so in the future. Franchisee will pay Franchisee's communication expenses to participate.

(i) Support Training Services. Subject to Mentor availability, Franchisee may, but is not required to, request additional Support Training Services. If Franchisee requests additional Support Training Services, Franchisee will pay the then-current Support Training Services Fee and any Mentor Travel and Living Expenses as described in Sections 5.2(b) and (c).

## 7.2 CONFERENCES.

(a) International Conference. TAB will produce an annual International Conference at a time and place designated by TAB in TAB's discretion. Franchisee will attend the International Conference each year absent extenuating circumstances acceptable to TAB. An International Conference may consist of any combination of conferences for Franchisee, Managing Party, Contract Facilitators, or Members.

(b) Periodic Conferences and Seminars. TAB may, but is not required to, hold additional mandatory or voluntary conferences for Franchisee, Managing Party, Members, or Contract Facilitators. TAB will not require Franchisee, Managing Party, or Contract Facilitators to attend more than two

mandatory conferences in any Calendar Year. The International Conference Registration Fee does not include costs to attend a Member conference.

### 7.3 CONTRACT FACILITATOR TRAINING.

(a) Scheduling. Specific class dates for the Contract Facilitator Training will be scheduled by TAB in its sole judgment and will be subject to availability and other training schedules. TAB may cancel scheduled Contract Facilitator Training if attendance criteria are not met. Any costs incurred by Franchisee or Franchisee's Contract Facilitator resulting from any such cancellation including, without limitation, any cost of rebooking flights or accommodations, will be Franchisee's sole responsibility.

(b) Conditions for Attending. Franchisee will submit to TAB a fully-executed Contract Facilitator Agreement and the then-current Contract Facilitator Training Fee in accordance with Section 5.2(k) prior to any Contract Facilitator attending Contract Facilitator Training.

## 8. FRANCHISEE'S DUTIES, OBLIGATIONS, AND OPERATING STANDARDS

### 8.1 TRAINING.

(a) Training Programs. Franchisee or Managing Party will attend and successfully complete the Initial Training Program, Advanced Business Development Training, StratPro Training, and any required Continuing Advanced Training at TAB's direction. If Franchisee or Managing Party fails to satisfactorily complete the Initial Training Program, Advanced Business Development Training, StratPro Training, or any required Continuing Advanced Training, TAB may require Franchisee or Managing Party to re-take such Initial Training Program, Advanced Business Development Training, StratPro Training, required Continuing Advanced Training, or a portion thereof and pay the then-current applicable fees;

(b) Training Program for New Managing Party. If Franchisee replaces a Managing Party, the new Managing Party will attend and satisfactorily complete the Initial Training Program within 30 days of becoming a Managing Party, and attend and satisfactorily complete the Advanced Business Development Training and StratPro Training as directed by TAB. Franchisee will pay TAB the then-current applicable fees;

(c) Training Program for Additional Owners. If Franchisee has any minority owners involved in Facilitation, Member coaching or the marketing of Franchisee's Business, such minority owner will attend and satisfactorily complete the Initial Training Program, Advanced Business Development Training, and StratPro Training as TAB directs prior to engaging in any Facilitation, Member coaching or marketing of Franchisee's Business. Franchisee will pay TAB the then-current applicable fees; and

(d) Training Program for Contract Facilitators. Franchisee's Contract Facilitators will successfully complete the Contract Facilitator Training prior to Facilitating any of Franchisee's Boards or providing coaching to Franchisee's Members.

8.2 MANDATORY CONFERENCES. Franchisee or Managing Party must attend up to two mandatory conferences or International Conferences in any Calendar Year. Franchisee will use Franchisee's best efforts to encourage Franchisee's Members to attend all Member conferences that TAB produces for Members. Franchisee's Contract Facilitators may be required to attend up to two mandatory International Conferences in any Calendar Year.

### 8.3 OFFICE EQUIPMENT AND LOCATION.

(a) Required Equipment. Franchisee will own or lease and keep in good working order the computer hardware and software, quality projector, phone lines, Internet connection, and other office equipment necessary to operate Franchisee's Business. Franchisee will have a designated telephone line that is answered with identification of "The Alternative Board." All costs for acquiring and maintaining Franchisee's office equipment and communication lines are Franchisee's sole responsibility.

(b) Office Location. Franchisee's office may be located in either Franchisee's home or in a commercial office space located within the Protected Territory.

(c) Email Account. Franchisee will maintain an active email account and check the account regularly.

(d) CRM System. Franchisee will use the CRM System designated by TAB in the Operations Manual. Franchisee will sign a CRM License Agreement when Franchisee executes the Agreement. Franchisee is prohibited from using the CRM System for Ancillary Business services or products that are provided to non-Members or any other product or service not authorized by TAB. Franchisee is required to update the information in the CRM System weekly. TAB will have access to the CRM System at all times. TAB reserves the right to change the designated CRM System upon prior notice to Franchisee and require Franchisee to sign a new or revised CRM License Agreement in TAB's reasonable discretion.

8.4 START OF SERVICE OFFERING. The Start of Service Offering date is specified in Exhibit I.

### 8.5 COMPLIANCE.

(a) Compliance with TAB's System Standards and Operations Manual. Franchisee will operate Franchisee's Business in strict accordance with the terms of the Agreement, the Licensed Methods, Operations Manual, and all present and future TAB standards, specifications, formats, and procedures. Failure to comply with mandatory standards, specifications, formats, processes, requirements, instructions, and procedures constitutes a breach of the Agreement. All mandatory standards, specifications, formats, processes, requirements, instructions, and procedures prescribed from time to time by TAB in the Operations Manual, or otherwise communicated to Franchisee, will constitute provisions of the Agreement.

(b) Modifications. Franchisee will abide by any modifications, changes, additions, deletions, and alterations TAB makes to the Licensed Methods, Operations Manual and TAB's standards, specifications, formats, processes, requirements, instructions, and procedures. Franchisee will execute any documents necessary to effectuate such changes at Franchisee's expense. Franchisee will monitor the Facilitator Intranet to stay abreast of new developments to the Operations Manual. Modifications, changes, deletions, and alterations may require Franchisee to make additional expenditures borne by Franchisee.

(c) Required Licenses, Permits, Certificates, and Compliance with Law. Franchisee warrants and represents that Franchisee is familiar with the laws, ordinances, regulations, and licensing requirements that will govern the operation of Franchisee's Business. Franchisee will operate Franchisee's Business in full compliance with all applicable laws, ordinances, and regulations including, without limitation, government regulations relating to data protection, personal information, privacy, workers' compensation insurance, and unemployment insurance. Franchisee will obtain any approvals required by law and comply with all laws applicable to Franchisee's marketing efforts including, without limitation, permission to communicate via facsimile, telephone, videoconference, text message, or email transmission with Prospects or Prospect Exceptions. Franchisee will obtain and maintain in force all required licenses, permits, and certificates applicable to the operation of Franchisee's Business. Franchisee will comply with all applicable

privacy laws relating to the collection, use, retention, or disclosure of personal information concerning Members, Contract Facilitators, Boards, or any other individuals associated with Franchisee's Business. Franchisee will obtain all necessary consents for the collection, use, retention, or disclosure of such personal information.

(d) Payments. Franchisee will pay TAB all fees due TAB under the Agreement within the time periods set out in any invoice, the Agreement, or the Operations Manual.

## 8.6 FRANCHISEE'S BUSINESS OPERATIONS.

(a) Conduct and Operational Methods of Franchisee's Business. Franchisee or Franchisee's Contract Facilitators will Facilitate Franchisee's Boards each month. Franchisee may conduct Board Meetings and additional TAB-related coaching or consulting in person, via videoconference, or by any other technological means or methods in use now or developed during the Term. Franchisee will conduct Board Meetings and additional TAB-related coaching or consulting in compliance with the Operations Manual including, without limitation, the Operations Manual's directives regarding Members who are recruited as Prospect Exceptions. Franchisee is affirmatively advised and explicitly acknowledges that TAB may revise or curtail the permitted methods by which Franchisee or Franchisee's Contract Facilitators may conduct Boards Meetings and additional TAB-related coaching or consulting in the future at TAB's discretion.

(b) TAB System. Franchisee will use the TAB System to form and Facilitate Boards and to provide Member coaching using the Trademarks. Franchisee will introduce the TAB System's proprietary tools to all of Franchisee's Members and will use Franchisee's best efforts to utilize such proprietary tools with them.

(c) Board Presentations. Franchisee will make presentations at Franchisee's Board Meetings and attend the training for such presentations as described in the Operations Manual.

(d) Best Efforts. Franchisee will faithfully, honestly, and diligently perform Franchisee's obligations under the Agreement including, without limitation, the promotion and development of Franchisee's Business.

(e) Conduct. Franchisee will give prompt, courteous, friendly, and efficient service to all current and prospective Members. Franchisee will adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct when dealing with current and prospective Members, suppliers, TAB, Affiliates, and the public.

(f) Presentation of Uniform Image. Franchisee's Business will offer only such types and classes of services and products including, without limitation, Supplemental Products and Services, that TAB authorizes from time to time for use by Franchisee's Business as described in the Operations Manual or the Agreement.

(g) Cooperation. Franchisee will cooperate with TAB, existing and prospective TAB franchisees, Members, and Affiliates to accomplish the purposes of the Agreement. Franchisee will assist TAB's efforts to directly communicate with Franchisee's existing and prospective Members including, without limitation, to conduct the research and testing programs as set forth in Section 1.2(a)(iv).

(h) Contact Information. Franchisee will notify TAB of any change of Franchisee's Business or personal address, telephone number, facsimile number, or email address within ten days of any such change.

(i) Testing. TAB may require Franchisee to provide personality or behavioral testing or assessments for all of Franchisee's new Members using a specific type of personality or behavioral testing or assessment method or program provided by a specific vendor in accordance with Sections 8.8(a) and (b). TAB may waive the requirement to use a specific type of test or assessment or vendor if Franchisee demonstrates to TAB that Franchisee's use of TAB's test or vendor would violate an agreement Franchisee has with another vendor or test provider that predates the Effective Date.

(j) Warranties and Guarantees. TAB has developed, or may develop, certain product and service warranties and guarantees that it deems to be essential to the successful operation of a Business. Franchisee will furnish all authorized warranties and guarantees to any qualified Members or prospective Members of Franchisee's Business. Franchisee will fully, accurately, and clearly inform Members and other customers of Franchisee's Business about such warranties and guarantees in accordance with the policies and procedures from time to time prescribed by TAB. Franchisee will honor all proper claims under such authorized warranties and guarantees issued by Franchisee and otherwise fully comply with the obligations of such warranties and guarantees.

(k) Promotions. Franchisee will fully participate in all national, regional, or local promotional campaigns, prize contests, special offers, and other programs including, without limitation, the introduction of new services, products, and Supplemental Products and Services, or other marketing programs directed or approved by TAB, that may be prescribed from time to time by TAB. Franchisee will be responsible for the costs of such participation. Franchisee will honor any coupons, gift certificates, or other authorized promotional offers of TAB at Franchisee's sole expense unless otherwise specified in writing by TAB.

(l) Marketing and Advertising. Franchisee will comply with the marketing requirements set out in Sections 9 and 10 of the Agreement. Franchisee will maintain an adequate supply of Promotional Materials and other marketing brochures, pamphlets, and promotional materials as may be required by TAB. Franchisee will only market to qualified Prospects and Prospect Exceptions.

(m) New Member Kits and Proprietary Tool Access. Franchisee will provide each of Franchisee's new Members and rejoining Members with a New Member Kit and access to TAB's proprietary tools.

(n) Contract Facilitators. Franchisee will comply with the Contract Facilitator requirements set out in Section 11 of the Agreement.

(o) Microsite. Franchisee will use the Microsite in Franchisee's Business. Franchisee is prohibited from using the Microsite for Ancillary Businesses or any other product or service not authorized by TAB.

(p) Other Agreements. Franchisee will comply with and perform all obligations under all other agreements between Franchisee, Franchisee's owners, Managing Party, or Franchisee's affiliates, and TAB or Affiliates.

8.7 **THIRD PARTY AGREEMENTS.** Franchisee will comply with all agreements and obligations with third parties concerning Franchisee's Business including, without limitation, all supplier agreements and the terms of any Member agreements. Franchisee will pay all obligations incurred by Franchisee's Business on a timely basis.



## 8.8 APPROVED SUPPLIERS AND USE OF PRODUCTS.

(a) Approved Products, Services, Supplies, Equipment, and Materials. Franchisee will use the required products, services, supplies, equipment, and materials approved by TAB including, without limitation, the Promotional Materials. Franchisee will obtain TAB's prior written consent before Franchisee uses or distributes other products, services, supplies, equipment, and materials or offer any other type of products or services using the Licensed Methods.

(b) Approved Suppliers. Franchisee will purchase all products, services, supplies, equipment, and materials required for the operation of Franchisee's Business from any manufacturers, suppliers, or distributors designated or previously approved by TAB. TAB or Affiliates may be the sole designated supplier, manufacturer, or distributor of certain required or non-required products, services, supplies, equipment, and materials. Franchisee will purchase such items directly from TAB as specified by TAB from time to time.

(c) Rebates. TAB or Affiliates may receive rebates, discounts, commissions, allowances, advantages, concessions, and other benefits from approved or recommended suppliers, manufacturers, or distributors for products, services, supplies, equipment, and materials purchased by Franchisee. TAB is under no obligation to account for such rebates to Franchisee or to share such rebates with Franchisee.

(d) Promotional Materials. Franchisee will purchase the Promotional Materials including books and other publications that TAB reasonably specifies and believes, in its sole discretion, will benefit Franchisee's Business.

(e) Franchisee's Suppliers. If Franchisee desires to use any product, service, supply, equipment, or material not supplied by TAB or an approved supplier, manufacturer, or distributor that contains or bears any Licensed Methods, the product, service, supply, equipment, material, supplier, manufacturer, or distributor must first be approved by TAB in writing. TAB may withhold its approval for any reason. TAB may require the supplier, manufacturer, or distributor to pay a fee to TAB, as determined by TAB in its sole discretion, for use of the Licensed Methods.

(f) Revocation of Approvals. TAB will have the right to impose reasonable limits on the number of approved suppliers, manufacturers, or distributors of any product, service, supply, equipment, or materials. TAB will be entitled to revoke its approval of any product, service, supply, equipment, materials, supplier, manufacturer, or distributor if any (i) such product, service, supply, equipment, or materials fails to continue to meet TAB's standards and specifications, (ii) supplier, manufacturer, or distributor fails to continue to meet TAB's standards and specifications, or (iii) supplier, manufacturer, or distributor breaches any agreement it may have with TAB or Affiliates.

(g) Resales. Franchisee may only provide the products, services, supplies, equipment, or materials bearing or containing the Licensed Methods to Members in the manner authorized by TAB and to no other persons or entities. This prohibition includes, without limitation, former TAB franchisees, distributors, or resellers of such products, services, supplies, equipment, or materials. Franchisee cannot purchase products, services, supplies, equipment, or materials bearing or containing the Licensed Methods from any of TAB's current or former TAB franchisees without TAB's prior consent except as required by law.

## 8.9 OWNERSHIP AND CONTROL OF FRANCHISEE'S BUSINESS.

(a) Ownership. Franchisee (if Franchisee is an individual), or Managing Party (if Franchisee is a partnership, corporation, company, or other legal entity), will, at all times, own at least 51% of the

equity interest and control of Franchisee's Business. At the time of execution of the Agreement and at any later time at TAB's request, Franchisee or Managing Party will promptly provide TAB with satisfactory proof of Franchisee's ownership. Franchisee will allow no changes in the ownership structure of Franchisee's Business without TAB's prior written consent.

(b) Responsibility for Operation of Franchisee's Business.

(i) Franchisee or Managing Party will be responsible for directly supervising Franchisee's Business. Franchisee has the sole right and responsibility for determining the manner and means that the day-to-day operations of Franchisee's Business are conducted and for achieving Franchisee's business objectives. Subject to any approval, inspection, and enforcement rights reserved to TAB, this right and responsibility includes, without limitation, the employment, supervision, and conditions of employment and discharge for Franchisee's employees, Contract Facilitators, and independent contractors, safety concerns, regulatory compliance, and conformity with the Licensed Methods.

(ii) TAB's retention and exercise of the right to approve certain matters, to inspect Franchisee's Business and its operations, and to enforce its rights exists only to the extent necessary to protect TAB's interest in the Licensed Methods for the benefit of the TAB System. Neither the retention nor the exercise of such right is intended to establish any control, or the duty to take control, of Franchisee's Business.

(c) Independent Entity. In all dealings with third parties including, without limitation, employees, suppliers, manufacturers, distributors, other TAB franchisees, Contract Facilitators, Members, and customers, Franchisee will disclose that Franchisee is an independent entity licensed by TAB in a manner acceptable to TAB. If Franchisee, Managing Party, Franchisee's Contract Facilitators, or employees uses a formal title (e.g., "President"), such person will explicitly indicate that the position is held with Franchisee and not with TAB.

(d) Management. Franchisee will not transfer, delegate, assign, or subcontract Franchisee's obligations under the Agreement or the operation of Franchisee's Business to any third party or entity without TAB's prior approval.

(e) Guarantee. If Franchisee is a corporation, partnership, limited liability company, or other entity, or becomes a corporation, partnership, limited liability company, or other entity, Franchisee's officers, directors, shareholders, partners, members, managers, and owners will execute the TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations attached as Exhibit III.

8.10 NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS FOR ASSOCIATES. If Franchisee has an Associate, such Associate will execute a non-disclosure and non-competition agreement in a form satisfactory to TAB and deliver the same to TAB within ten days after such agreement is executed.

8.11 ENFORCEMENT. TAB may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all TAB franchisees.

## 9. MARKETING

### 9.1 REQUIRED MASS MARKETING CAMPAIGNS.

(a) Requirement. Franchisee will conduct Mass Marketing Campaigns in accordance with the Operations Manual.

(b) Timing. The required Mass Marketing Campaigns will be conducted during periods determined by TAB and may be subject to Franchisee's satisfactory completion of the Initial Training Program or Mentor availability. Franchisee will be required to conduct one Mass Marketing Campaigns during the first year of the Initial Term if Franchisee purchases a new Business and one Mass Marketing Campaign during the first six months of the Initial Term if Franchisee purchases an ongoing Business. If Franchisee does not satisfactorily complete the Initial Training Program, TAB may reschedule the initial required Mass Marketing Campaigns. Franchisee will be responsible for any additional costs incurred for rescheduling the initial required Mass Marketing Campaigns.

(c) Prospects. The initial required Mass Marketing Campaigns will attempt to reach Prospects and Prospect Exceptions in the Protected Territory. Franchisee will only market to qualified Prospects and Prospect Exceptions.

(d) Additional Expenses. In addition to the Marketing Fee, Franchisee will pay all additional expenses necessary to conduct the required Mass Marketing Campaigns including, without limitation, telemarketing expenses, postage, printing, LinkedIn prospecting service fees, LinkedIn Sales Navigator License, Costs for Connect and Sell Calling platform and costs for meeting rooms, food, and equipment that meet TAB's specifications.

## 9.2 ADDITIONAL MARKETING REQUIREMENTS.

(a) First Year Local Marketing Requirement. In addition to the required Mass Marketing Campaigns, beginning the month Franchisee completes the initial required Mass Marketing Campaign (as determined by TAB) and continuing throughout the balance of the first year from the Start of Service Offering, Franchisee must conduct the Additional Marketing including 9 months of Connect and Sell and twelve months of LinkedIn outbound marketing performed by a TAB approved vendor. A secondary Mass Marketing Campaign is recommended but not required. If the Franchisee opts to only have one Mass Marketing Campaign, they will be required to supplement this with nine months of Connect and Sell calling.

(b) Marketing List. The Marketing List will contain contact information for Prospects in the Protected Territory. Franchisee will purchase updated additional Marketing Lists once every 18 months at Franchisee's expense.

(c) Equipment for Marketing Events. Franchisee will confirm to TAB that Franchisee has the required equipment including Pipedrive CRM to present Franchisee's Marketing Events prior to the first Marketing Event of the required Mass Marketing Campaigns. If Franchisee fails to provide such confirmation, TAB may, but is not required to, lease such equipment on Franchisee's behalf and recover the lease payments from Franchisee.

## 9.3 INITIAL MARKETING SUPPORT.

(a) Marketing Support for Mass Marketing Campaigns. TAB will provide Franchisee with TAB's then-current Marketing Support for Franchisee's required Mass Marketing Campaigns. Marketing Support for Franchisee's initial required Mass Marketing Campaign currently includes:

- (i) Acquiring a Marketing List for the Protected Territory;
- (ii) Uploading the Marketing List to Franchisee's CRM System account, de-duping information and creating a Mass Marketing Campaign target list;
- (iii) Acquiring emails for the Marketing List when available;

- (iv) Acquiring LinkedIn profiles when available;
- (v) Providing an initial set of Marketing Collateral Materials; and
- (vi) Obtaining a URL for use in Franchisee's Business, setting up the Microsite, and providing Franchisee with access to the CRM System.

(b) Scope of Additional Marketing Support. For additional Mass Marketing Campaigns conducted after the required initial Mass Marketing Campaign, additional Marketing Support may or may not include, without limitation, the services described in Section 9.3(a). TAB may change, delete, modify, or otherwise alter the Marketing Support at any time.

#### 9.4 OTHER REQUIREMENTS.

(a) Marketing Reports. Franchisee will submit a marketing report to TAB on an ongoing basis that details the marketing activities done to market the business.

(b) Copies to TAB. Franchisee will include TAB as a recipient for any Mass Marketing Campaign communications or other activities that are part of Franchisee's Additional Marketing that Franchisee conducts without using TAB's corporate marketing department.

9.5 USE OF TAB'S METHODS. Mass Marketing Campaigns and marketing, prospecting, sales activities, and programs for Franchisee's Business will use TAB's designated methods. There is no guarantee that Mass Marketing Campaigns or any other marketing, prospecting, sales activities, or programs required or recommended by TAB will achieve any minimum results.

9.6 MARKETING TO PROSPECTS OUTSIDE OF FRANCHISEE'S TERRITORY. Franchisee may only advertise, market, or otherwise solicit for prospective Members that are outside the Protected Territory if:

- (a) The prospective Member is a Prospect Exception;
- (b) Franchisee has received TAB's prior written approval; or
- (c) The prospective Member has at least one office within the Protected Territory.

9.7 MARKETING USING FRANCHISEE'S BUSINESS. TAB may use any aspect of Franchisee's Business for marketing purposes including, without limitation, obtaining testimonials from Franchisee's Members.

## 10. ADVERTISING

### 10.1 FRANCHISE MARKETING ACCOUNT.

(a) Purpose. Franchisee understands and acknowledges that the Marketing Development Fee and Franchise Marketing Account are intended to maximize general public recognition and patronage of the Licensed Methods and the products and services offered by Businesses for the benefit of all of TAB's franchisees and licensees. TAB does not guarantee that advertising expenditures from the Franchise Marketing Account will benefit Franchisee or any other TAB franchisee or licensee directly or on a *pro rata* basis. TAB undertakes no obligation to ensure that the Franchise Marketing Account expenditures in

or affecting any geographic area are proportionate or equivalent to the contributions of TAB franchisees or licensees operating in that geographic area.

(b) Use of Franchise Marketing Account. The Franchise Marketing Account may be used for any activities that TAB believes, in its sole judgment, will help market the TAB System including, without limitation, production and placement of media advertising, media relations, salaries and administrative costs, creating and testing direct response literature, social media, website development and management, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures including agency costs and commissions and for other similar expenses. In any fiscal year, an amount greater or less than the aggregate contribution of all TAB franchisees and licensees to the Franchise Marketing Account in that year may be spent. The Franchise Marketing Account may borrow from TAB or other lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the Franchise Marketing Account at the end of each year will accrue and may be applied toward the next year's expenses.

(c) Administration. The Franchise Marketing Account will be administered by TAB. Upon Franchisee's written request, TAB will send Franchisee an annual unaudited financial statement for the Franchise Marketing Account that indicates how the funds in the Franchise Marketing Account have been spent during the previous Calendar Year. The Franchise Marketing Account is not audited and audited financial statements are not available.

(d) Overhead. TAB may use reasonable amounts from the Franchise Marketing Account to pay for TAB's or Affiliates' administrative and overhead costs, expenses, and salaries related to the administration and operation of the Franchise Marketing Account and its programs including, without limitation, conducting market research, social media, website development and management, preparing materials and other programs, and administration, collecting, and accounting for Franchise Marketing Account contributions.

(e) Liability. TAB assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to any advertising account. TAB will not be liable for any act or omission with respect to the Franchise Marketing Account including, without limitation, maintaining, directing, or administering the Franchise Marketing Account or any other advertising account. No action taken by TAB will diminish Franchisee's obligation to pay the Marketing Development Fee. The Parties' rights and obligations with respect to the Franchise Marketing Account and all related matters are governed solely by the Agreement, and neither the Agreement nor the Franchise Marketing Account creates a trust, fiduciary relationship, or similar arrangement.

(f) Termination of Franchise Marketing Account. The Franchise Marketing Account may be terminated at any time by TAB in its sole discretion. If the Franchise Marketing Account is terminated, any remaining balance in the Franchise Marketing Account will be expended as provided for in Section 10.1(b) or returned to Franchisee on a *pro rata* basis in TAB's sole determination.

## 10.2 LISTINGS, DOMAIN NAMES, AND WEBSITES.

(a) Directory Listings. Franchisee will list Franchisee's Business under the name "The Alternative Board<sup>®</sup>" or such other name as TAB designates in both the online yellow pages and white pages of the principal, regular business telephone directory for the largest market within the Protected Territory. Franchisee will list Franchisee's Business in such directory categories as are specified by TAB and will use TAB's standard forms of listing. Such classified directory listings may, at TAB's option, be arranged for and placed by TAB and may list other TAB franchisees and licensees that use the Trademarks that are

operating within the distribution area of such directories. In such case, the cost of such advertisements will be reasonably apportioned among and paid by all TAB franchisees and other licensees listed therein.

(b) Domain Names. Franchisee and Franchisee's Contract Facilitators are prohibited from using or registering any URL, email address, or website address that includes the Trademarks or any portion thereof including, without limitation, "TAB" or "The Alignment Factor," without TAB's prior written approval. Franchisee will prohibit Franchisee's Contract Facilitators from registering such URLs, email addresses, or website addresses without such prior approval. If TAB grants such approval, TAB will register the requested URL, email address, or website address and license the same to Franchisee for Franchisee's or Franchisee's Contract Facilitators' use during the Term or Contract Facilitator Agreement term as applicable. Franchisee will pay TAB for the cost to acquire the URL, email address, or website address and any renewals thereof. TAB owns all right, title, and interest in and to any URL, email address, or website address that includes the Licensed Methods or any portion thereof used by Franchisee or any of Franchisee's Contract Facilitators.

(c) Websites. Franchisee will use the Microsite for Franchisee's Business. Neither Franchisee nor Franchisee's Contract Facilitators are permitted to use any part of the Licensed Methods in any other website unless preapproved by TAB in its sole discretion. Franchisee will prohibit Franchisee's Contract Facilitators from using any Licensed Methods in any website without such prior approval. All such websites must comply with TAB's specific corporate brand identity guidelines.

(d) Assignment. Franchisee will execute the Conditional Assignment of Telephone and Directory Listings, Etc. attached as Exhibit IV upon executing the Agreement.

### 10.3 OTHER ADVERTISING AND PUBLIC RELATIONS.

(a) Franchisee's Advertising Materials. Subject to Section 10.3(b), Franchisee may create advertising materials that meet TAB's standards and requirements. All Franchisee's advertising must be conducted in a dignified manner and the marketing medium (i.e., radio, television, print media, email, yellow pages, newspaper, etc.) must be preapproved by TAB.

(b) Approvals. Franchisee may only market to Prospects or advertise Franchisee's Business using marketing and advertising materials and methods approved by TAB in the Operations Manual or otherwise in writing. Franchisee will submit all proposed marketing and advertising materials to TAB for its approval and may not use any marketing and advertising materials without TAB's written approval. TAB will approve or disapprove of proposed marketing and advertising materials within 15 days of the date TAB receives them. If TAB does not respond during the 15-day period, the marketing and advertising materials are deemed disapproved. If TAB approves the marketing and advertising materials prepared by Franchisee, TAB may use such marketing and advertising materials and make them available to other TAB franchisees, licensees, or Affiliates.

## 11. CONTRACT FACILITATORS

### 11.1 CONDITIONS AND APPROVALS.

(a) Conditions. To engage a Contract Facilitator, Franchisee must meet the following conditions:

(i) Franchisee is in compliance with the terms of the Agreement and the Operations Manual;

(ii) Franchisee or Managing Party is Facilitating at least one Board per month and providing Member coaching;

(iii) Franchisee provides TAB with written notice that Franchisee requests to engage a Contract Facilitator;

(iv) Franchisee's Contract Facilitator is approved by TAB, which approval will not be unreasonably withheld;

(v) Franchisee provides TAB with a fully-executed copy of a Contract Facilitator Agreement prior to the Contract Facilitator attending the Contract Facilitator Training;

(vi) Franchisee pays TAB the then-current Contract Facilitator Training Fee;

(vii) Franchisee's Contract Facilitator satisfactorily completes the Contract Facilitator Training described in Section 7.3; and

(viii) Franchisee pays any broker commission, referral fee, or sales commission if the Contract Facilitator was introduced to Franchisee by TAB or through TAB's franchise sales process.

(b) Approvals. TAB's approval of any Contract Facilitators is not an endorsement or warranty of the Contract Facilitator. Franchisee assumes responsibility for recruiting, investigating, and qualifying Franchisee's Contract Facilitators. TAB is not responsible for the actions or conduct of Franchisee's Contract Facilitators.

## 11.2 CONTRACT FACILITATOR REQUIREMENTS.

(a) Guidelines. Franchisee's creation of a sub-franchise relationship or business opportunity between Franchisee and Franchisee's Contract Facilitators is strictly prohibited. Franchisee's use of Contract Facilitators will follow TAB's guidelines to avoid any sub-franchise relationship or a business opportunity. These guidelines include, without limitation, the following:

(i) Franchisee will use TAB's then-current form of Contract Facilitator Agreement subject to review by Franchisee's attorney as provided in Section 11.3 of the Agreement;

(ii) Franchisee and Franchisee's affiliates will not receive any payments or reimbursements including, without limitation, the Contract Facilitator Training Fee, from Franchisee's Contract Facilitators; and

(iii) Franchisee will pay for the Contract Facilitator Training Fee and any products or services required for the operation of Franchisee's Business that are only available from TAB, Affiliates, or a third party that provides TAB with a rebate or incentive.

(b) Payments by Contract Facilitators. Franchisee's Contract Facilitators may pay for the following:

(i) Payments to TAB, Affiliates, or third parties from whom TAB receives a rebate or incentive for purchases of optional, non-essential, or recommended products or services for Franchisee's Business; and

(ii) Payments made directly to non-affiliated third parties for expenses relating to Franchisee's Business including, without limitation, travel expenses and regular business expenses, that Franchisee or TAB does not receive a rebate for.

(c) Failure to Provide TAB with Contract Facilitator Agreement or Attend Contract Facilitator Training. Franchisee will be in Default if Franchisee permits any independent contractor to Facilitate a Board or provide Member coaching without a fully-executed Contract Facilitator Agreement delivered to TAB or without satisfactory completion of the Contract Facilitator Training,

### 11.3 CONTRACT FACILITATOR AGREEMENT.

(a) Termination. Franchisee will notify TAB in writing no later than ten days after termination of any Contract Facilitator Agreement.

(b) Compliance. Franchisee will ensure that Franchisee's Contract Facilitators comply with the Contract Facilitator Agreement, Facilitate Franchisee's Boards, and provide Member coaching in accordance with the Operations Manual.

(c) Local Review. TAB makes no express or implied representations or guarantees that the Contract Facilitator Agreement is legal or enforceable in any particular state. It is Franchisee's sole responsibility and expense to verify that the Contract Facilitator Agreement meets the requirements of all applicable laws or regulations in the Protected Territory with a licensed attorney in the state where the Protected Territory is located.

(d) Payments. Franchisee is solely responsible for compensating Franchisee's Contract Facilitators.

## 12. RECORDS AND REPORTS

### 12.1 RECORD KEEPING.

(a) Bookkeeping System. Franchisee will use a uniform bookkeeping system, accounting system, reporting forms, and chart of accounts for Franchisee's Business that conform to good business practices in the Protected Territory and that may be prescribed by TAB in the Operations Manual. Required financial information will be presented in accordance with tax basis accounting, consistently applied, and will be materially accurate and complete.

(b) Record Retention. Franchisee will retain all books and records, invoices, order forms, time cards, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursements journals, and general ledgers used in the operation of or relating to Franchisee's Business during the Term and for at least three years after the fiscal year that they relate to (or such longer period as may be required by law) at Franchisee's office or at a location that TAB will be kept advised of. Franchisee will retain all other pertinent information pertaining to Franchisee's Business including, without limitation, Member Information, Change of Membership Status Reports, Ancillary Business records, and Franchisee's Members' contact information. Franchisee will provide to TAB copies or originals of such records described in this Section 12.1 upon request.

### 12.2 REPORTS.

(a) Tax Returns. Franchisee will deliver copies of Franchisee's Business and Franchisee's sales tax returns and federal and state income tax returns within 15 days of filing such tax returns. If these



tax returns show an underpayment of any amounts owed to TAB, Franchisee will pay any amounts due to TAB plus interest as provided for in Section 5.3(d) within seven days of TAB's notice to Franchisee.

(b) Membership Reports. Franchisee will submit Member reports and completed Change of Membership Status Reports to TAB in the form prescribed by the Operations Manual no later than the tenth day of each month.

(c) Additional Revenue From the TAB Opportunity. Franchisee will submit an accurate report of all Additional Revenue From the TAB Opportunity for the Calendar Year to TAB in a format prescribed by the Operations Manual on December 31 of each Calendar Year or at such other time as TAB requests.

(d) TAB Revenue. Franchisee will submit an accurate report of all TAB Revenue for the Calendar Year to TAB in a format prescribed by the Operations Manual on December 31 of each Calendar Year or at such other time as TAB requests.

(e) Supplemental Products and Services Reports. Franchisee will submit an accurate report of the sales of Supplemental Products and Services to TAB in a format and at the frequency prescribed by the Operations Manual.

(f) Marketing Reports. Franchisee will submit the marketing reports described in Section 9.4(a) to TAB.

(g) Use of Reports. TAB may use information provided to TAB (recognizing that such information may be personal information for the purposes of applicable privacy legislation) to disclose income amounts to prospective TAB franchisees and others including through TAB's Franchise Disclosure Document, without identifying Franchisee. Franchisee will provide TAB with and authorize TAB to use any financial information that TAB reasonably requests for TAB's financial performance representations.

(h) Privacy. Franchisee expressly permits TAB to disclose personal information in its Franchise Disclosure Document relating to Franchisee or Franchisee's Business including, without limitation, Franchisee's name, address, telephone number, facsimile number, sales information, revenue figures, expenses, costs, results of operations or similar information, and any information regarding the non-renewal, closure, expiration, or termination of the Agreement or Franchisee's Business. Any such disclosure will be for the purposes of soliciting prospective franchisees or complying with applicable law.

(i) Ownership of Records. TAB owns all right, title, interest, and control in and to the Member Information and records, prospective Member information and records, and any other records of Franchisee's Business relating to the TAB System, all of which are Confidential Information.

### 12.3 INSPECTIONS AND AUDITS.

(a) Right to Inspect and Audit Books and Records. TAB may enter Franchisee's place of business during normal business hours without prior notice to examine, inspect, and audit Franchisee's Business's bookkeeping and accounting records, sales and income tax records, tax returns and other books and records including, without limitation, materials relating to any Additional Revenue From the TAB Opportunity.

(b) Right to Inspect and Audit Franchisee's Business's Operations. TAB may inspect and audit Franchisee's Business operations without prior notice by any means determined by TAB. TAB or its designee may attend and observe any activities that are part of Franchisee's Business including, without limitation, Franchisee's Board Meetings or private coaching sessions. TAB may review the operation and

administration of Franchisee's Business through quality control testing, periodic field reviews, or such other tests, reviews, inspections, or other reasonable actions deemed desirable by TAB. Franchisee will only be required to pay for the reasonable travel and accommodation expenses of any TAB designee conducting a review once every 36 months except in the circumstances described in Section 12.3(d)(i)-(iv).

(c) Franchisee's Cooperation. Franchisee or Managing Party will be available upon reasonable notice by TAB during any inspections or audits described in this Section 12.3. Franchisee will fully cooperate with TAB, its designees, or independent accountants hired by TAB to conduct any inspection or audit. Franchisee represents and warrants that all information provided to TAB or its designees and auditors during such inspections and audits will be complete and accurate in all material respects. The rights in this Section 12.3 will survive expiration or termination of the Agreement.

(d) Audit and Inspection Results. If any examination, inspection, or audit discloses monies owed by Franchisee to TAB, Franchisee will pay the amount due of such understatement plus interest to TAB within seven days of receipt of the inspection or audit report. TAB may deduct this amount from the Collected TAB Revenue. Franchisee will pay the reasonable costs incurred by TAB to conduct the examination, operational inspection, other inspection, or audit if, such examination, inspection, or audit is made necessary by:

(i) Franchisee's failure within 30 days following written notice to furnish reports, supporting records, financial statements, other documents, or information as required by the Agreement or the Operations Manual;

(ii) Franchisee's failure more than two times in any Calendar Year to furnish such reports, records, financial statements, other documents, or information as required by the Agreement or the Operations Manual;

(iii) Disclosure that amounts due TAB have been understated by more than 2% in any consecutive period of three or more months; or

(iv) Franchisee's under- or over-reporting Franchisee's TAB Revenue or any other revenue generated from Franchisee's Business by more than 2%.

Such costs will include, without limitation, the costs, expenses, and charges of any independent accountants and the travel expenses, room and board, and compensation of parties employed by TAB to conduct such an examination, inspection, or audit.

(e) Collecting TAB Revenue. Franchisee will not directly bill or collect any TAB Revenue. If Franchisee directly bills and collects any TAB Revenue, in addition to TAB's other remedies, the Royalty Fee set out in Section 5.2(a) will automatically increase to 50% and the applicable Minimum Royalty Fee will automatically increase by 50%.

### 13. PROPRIETARY MATERIALS AND TRADEMARKS

#### 13.1 OWNERSHIP.

(a) Title. TAB owns all right, title, interest, and goodwill in and to the TAB System, Operations Manual, Members, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. Franchisee acknowledges and agrees that they have significant value;

(b) Franchisee's Right to Use. Franchisee's right to use the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB derives solely from the Agreement and TAB has the right to control Franchisee's use of same. Franchisee only has the right to use the Licensed Methods, Operations Manual, Confidential Information, Trade Secrets, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB in the operation of Franchisee's Business during the Term in accordance with the Agreement;

(c) Benefits of Use Inure to TAB. All goodwill from the use of the TAB System, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates inures to the benefit of TAB. Franchisee acknowledges and agrees that Franchisee has not acquired any right, title, interest, right to use or goodwill of the TAB System, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. If Franchisee acquires any such rights, title, or interest, Franchisee will assign all such rights, title, or interest to TAB;

(d) Works Made for Hire. Any part of the Copyrighted Materials or Improvements created by Franchisee or any other person or entity retained or employed by Franchisee are "works made for hire" within the meaning of the United States Copyright Act and are the property of TAB. TAB may use and license others to use such Copyrighted Materials or Improvements unencumbered by moral rights. To the extent the Copyrighted Materials or Improvements are not "works made for hire" or rights in the Copyrighted Materials or Improvements do not automatically accrue to TAB, Franchisee irrevocably assigns the entire right, title, and interest in perpetuity throughout the world in and to any rights, including all copyrights, in such Copyrighted Materials or Improvements to TAB. Franchisee and the author of such Copyrighted Materials or Improvements will warrant and represent that such Copyrighted Materials or Improvements are created by and wholly original with the author. Where applicable, Franchisee will obtain any other assignments of rights in the Copyrighted Materials or Improvements from another person or entity necessary to ensure TAB's right in the Copyrighted Materials or Improvements as required by this Section 13.1(d);

(e) Ownership of Non-TAB Materials. Any rights or ownership of material not related to TAB, the TAB System, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee will remain the property of the original owners and will not contain any designations, words, logos, designs or references to TAB, the TAB System, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates;

(f) Contest Ownership. Franchisee will never directly or indirectly dispute, contest, or challenge anywhere in the world the validity, enforceability, registration, or application for registration of any part of the TAB System, URLs containing the Trademarks and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates, or TAB's ownership therein, nor counsel, procure, or assist any other party to do the same. Franchisee will never take any action that is inconsistent with TAB's ownership of the same nor represent that Franchisee has any right, title, or interest in the same other than as expressly granted by the Agreement;

(g) Cooperation. Upon TAB's request, Franchisee will cooperate fully, both before and after termination or expiration of the Agreement, in confirming, perfecting, preserving, and enforcing TAB's rights in any part of the TAB System, the Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. This includes executing and delivering to TAB such documents as TAB reasonably requests

for any such purpose including, without limitation, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of services and products. Franchisee hereby irrevocably appoints TAB as Franchisee's attorney-in-fact for the purpose of executing such documents; and

(h) Members. Members remain the property of TAB. Franchisee will not be permitted to assign or transfer Franchisee's right to provide Facilitation services or Member coaching granted under the Agreement without TAB's prior approval.

### 13.2 PERMITTED USE.

(a) Limitation of Use. Franchisee will only use the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates in the identification, marketing, promotion, or operation of Franchisee's Business during the Term and only in compliance with the Agreement, TAB's rules, and guidelines set out in the Operations Manual. Franchisee will obtain TAB's prior approval before using the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates for purposes outside of TAB's typical marketing purposes;

(b) Business Identification. Except as provided in Section 13.3(b) or otherwise in the Agreement, Franchisee will use the trademark "THE ALTERNATIVE BOARD" or "TAB" as the primary identification of Franchisee's Business. Franchisee will identify Franchisee as the independent owner and operator of Franchisee's Business in the manner prescribed by TAB. Franchisee will not identify Franchisee in a manner that may mislead a party to believe that Franchisee is an employee or agent of TAB. Franchisee will prominently display the Trademarks in the manner prescribed by TAB on Franchisee's Business' letterhead, marketing materials, advertising, forms, and packaging. Franchisee will more prominently display the Trademarks over any secondary name or designation in identifying Franchisee's Business and related products and services;

(c) Use of Trademarks with Other Trade Names. Franchisee will obtain TAB's approval, which approval may be withheld in TAB's sole discretion, before using Franchisee's existing trade name or business name in conjunction with the use of the Trademarks. Franchisee will obtain TAB's prior approval before using the Trademarks to co-sponsor an event that involves the use of the Trademarks, corporate name, other name, logo, or symbol of a third party;

(d) Use of Other Trademarks. If the Trademarks may not be used by Franchisee in all or part of the Protected Territory, Franchisee will use only such other name as TAB approves in writing; and

(e) Notices. Franchisee will use all proper copyright and trademark notices when using the Copyrighted Material and Trademarks as set forth in the Operations Manual.

### 13.3 PROHIBITED USES.

(a) Unauthorized Use. Franchisee is prohibited from any unauthorized use of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. Any prohibited use by Franchisee will constitute an infringement of TAB's rights including use in connection with the sale of an unauthorized service or product

or in a manner not authorized in writing by TAB. Any infringement will cause substantial harm to TAB, Affiliates, other TAB franchisees, licensees, and other Businesses;

(b) Prohibited Use in Trade Names, Corporate Names, and URLs. Franchisee will not use the Trademarks, anything confusingly similar thereto, or any portion thereof as part of a corporate name, trade name, or as a URL (unless provided to Franchisee by TAB), or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form;

(c) Harm Image or Goodwill. Franchisee will safeguard and maintain the reputation and prestige of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. Franchisee will not do anything that tarnishes the image of the TAB System or adversely affects or dilutes the value, reputation, or goodwill associated therewith, nor counsel, procure, or assist anyone else to do the same; and

(d) Prohibited Replication. Except as expressly authorized under the Agreement, Franchisee will never use, copy, or imitate or cause or permit any other party to directly or indirectly use, copy, or imitate (i) any of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite and other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates for any unauthorized purpose, (ii) any confusingly similar method, format, procedure, technique, system, trade dress, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or Affiliates, or (iii) any facility or program of TAB or Affiliates for any unauthorized purpose.

#### 13.4 REGISTRATIONS.

(a) TAB's Right to Register. TAB may decide, in its sole and absolute discretion, to apply to register or to register, anywhere in the world, for trademark, copyright, trade name, or patent protection for any part of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite content, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. Failure of TAB to obtain or maintain in effect any such application or registration is not a breach of the Agreement; and

(b) Franchisee's Prohibition on Registration. Before or after termination or expiration of the Agreement, Franchisee will not register or apply to register any part of the TAB System, Microsite content, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates or any trademark, name, service mark, or logo confusingly similar thereto anywhere in the world.

13.5 INFRINGEMENT. Franchisee will notify TAB in writing of any possible infringement or illegal use by others of any part of the TAB System, Microsite content, URLs containing the Trademarks or any portion thereof, or other proprietary information or anything confusingly similar thereto provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates that may come to Franchisee's attention. TAB will have the right in its sole discretion to determine whether any action will be taken for any possible infringement or illegal use. TAB may commence or prosecute such action in its own name and may join Franchisee as a party thereto if TAB determines it to be reasonably necessary for the continued protection and quality control of any part of the TAB System, Microsite content, URLs containing the Trademarks or any portion thereof, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates. TAB will bear the reasonable cost of any such action including attorneys' fees. Franchisee will fully cooperate with TAB in any such litigation.

13.6 CHANGE OF TRADEMARKS. If TAB or an Affiliate, in their sole discretion, determine it is necessary to modify or discontinue use of the Trademarks or any part thereof, or to develop additional or substitute marks or trade names, Franchisee will take such action directed by TAB, at Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution within 90 days or such other period of time set out in TAB's written notice.

13.7 IMPROVEMENTS. Franchisee will promptly disclose any Improvements to TAB and create a written record of the same. Any Improvements made by Franchisee or any of Franchisee's owners, officers, employees, affiliates, agents, Contract Facilitators or contractors or as the result of suggestions or other input from Franchisee or any of Franchisee's owners, officers, employees, affiliates, agents, Contract Facilitators, or contractors including, without limitation, all copyrightable works, will become part of the TAB System and TAB's proprietary information owned by TAB without any rights of ownership accruing to Franchisee. Franchisee hereby assigns all proprietary rights described in this Section 13.7 to TAB without additional consideration. Franchisee will execute such additional assignments or documentation to effectuate the assignment of these rights or as TAB deems necessary to enable it, at its expense, to apply for, prosecute, and obtain copyrights, trademarks, patents, or other proprietary rights in the United States and in other countries. Franchisee hereby irrevocably appoints TAB as Franchisee's attorney-in-fact for the purpose of executing such documents. TAB will have the right to make Improvements available for use by all TAB franchisees. The expression "any changes, improvements, or enhancement" includes, without limitation, any methods or materials, such as advertising copy, for marketing the services and products of Franchisee's Business, and methods or materials for providing the services and products of Franchisee's Business or other Businesses.

#### 14. ANCILLARY BUSINESS, NON-COMPETITION, AND CONFIDENTIALITY

##### 14.1 PERMITTED ANCILLARY BUSINESS.

(a) By Franchisee or Managing Party. Franchisee or Managing Party may offer and advertise Ancillary Businesses within or outside the Protected Territory as long as:

(i) The Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Microsite, URLs containing the Trademarks or any portion thereof, or anything confusingly similar thereto and TAB or Affiliates' proprietary materials are not used in connection with such Ancillary Businesses;

(ii) The Ancillary Businesses do not, in TAB's sole opinion, compete with Franchisee's Business or any other Business operated by TAB, its franchisees, licensees, or Affiliates, Other Businesses, or any other business then being offered or operated by TAB or Affiliates in the Protected Territory; and

(iii) The Ancillary Businesses do not likely harm, disparage the goodwill of or be inconsistent with the image associated with Franchisee's Business, TAB, the TAB System, Businesses operated by TAB, its franchisees, licensees, or Affiliates, any Other Businesses, or any other business then being offered or operated by TAB or Affiliates in the Protected Territory or the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, and TAB's or Affiliate's proprietary materials.

##### 14.2 PROHIBITED COMPETITIVE ACTIVITY.

(a) Activities Excluded from Competitive Activity. In certain circumstances as TAB may determine, TAB will specifically agree, as may be noted in Exhibit I to the Agreement, that certain business

consulting projects that Franchisee has been engaging in the last twelve months prior to executing the Agreement will not be considered a Competitive Activity;

(b) No Competitive Activity During the Term. Franchisee acknowledges that TAB will be unable to protect the TAB System, TAB's proprietary materials, or other confidential and proprietary elements of Franchisee's Business and achieve an exchange of ideas with Franchisee if Franchisee or those persons referenced in Section 14.5 are permitted to hold competitive interests or engage in Competitive Activities. During the Term, Franchisee and those persons referred to in Section 14.5 will not directly or indirectly engage in any Competitive Activity anywhere other than as expressly authorized under the Agreement. Franchisee acknowledges that a violation of this Section 14.2(c) would constitute an unfair method of competition and would hinder Franchisee's ability to devote sufficient time to Franchisee's Business; and

(c) Competitive Activity After the Term. For a period of two years following the latest of (i) the termination, transfer, assignment, or expiration of the Agreement, (ii) the last date that Franchisee or any person identified in Section 14.5 Facilitated a Board Meeting or provided Member coaching, or (iii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Franchisee and those persons identified in Section 14.5 will not engage in any Competitive Activity within:

- (i) The Protected Territory;
- (ii) 25 miles of the outer boundaries of the Protected Territory;
- (iii) The protected territory of another Business operated by TAB, Affiliates, franchisees, or licensees; or
- (iv) 25 miles of any other location where a Board meets.

### 14.3 CONFIDENTIAL INFORMATION AND TRADE SECRETS.

(a) Ownership of the Confidential Information and Trade Secrets. Franchisee acknowledges that the Confidential Information and Trade Secrets are the unique and exclusive property and trade secrets of TAB or Affiliates. TAB or Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, TAB or Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and it would be very costly for competitors to acquire or duplicate the Confidential Information or Trade Secrets.

(b) Wrongful Use. Any unauthorized disclosure or use of the Confidential Information or Trade Secrets will cause irreparable injury and harm to TAB or Affiliates. Franchisee, Managing Party, and those individuals identified in Section 14.5 will not directly or indirectly communicate, publish, disclose, divulge, copy, imitate, cause, or permit any other party to communicate, publish, disclose, divulge, copy, or imitate in any manner the Confidential Information or Trade Secrets to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation, association, partnership, or other entity other than TAB or Affiliates, or in the operation of Franchisee's Business as permitted by the Agreement or the Operations Manual. Franchisee is subject to any statutory protections afforded by the federal Defend Trade Secrets Act or any other applicable "whistleblower" law.

(c) Member Information. Franchisee, Managing Party, and those individuals identified in Section 14.5 will keep confidential and not disclose information about Franchisee's Members or personal or business matters of a confidential nature that Franchisee, Managing Party, and those individuals

identified in Section 14.5 learn from TAB, Affiliates, another TAB franchisee, licensee, or Member at a Board Meeting, any private consulting or private coaching session, or otherwise. Franchisee, Managing Party, and those individuals identified in Section 14.5 may disclose such information only pursuant to a valid court order, or with the permission of TAB, Affiliates, another TAB franchisee, licensee, or Member to whom the information pertains. Franchisee will use all Member Information solely to operate Franchisee's Business.

(d) Required Action. Franchisee and Managing Party will adopt and implement all reasonable procedures prescribed by TAB from time to time to prevent unauthorized use or disclosure of the Confidential Information or Trade Secrets.

14.4 ACKNOWLEDGMENTS. Franchisee and Managing Party acknowledge the following:

(a) Franchisee and Franchisee's Business will, during the franchise relationship, become identified with the goodwill associated with the Trademarks;

(b) Franchisee and those individuals subject to this covenant as set out in Section 14.5 will be able to earn a livelihood without violating the foregoing restrictions;

(c) Franchisee's and those individuals' subject to this covenant as set out in Section 14.5 entire knowledge of the operation of Franchisee's Business, the Licensed Methods, and the concepts and methods of promotion franchised hereunder that Franchisee now or will obtain is derived from TAB's or Affiliates' Confidential Information or Trade Secrets; and

(d) Communication among Franchisee, Managing Party, TAB, Affiliates, or TAB's other franchisees or licensees will be chilled if it is perceived that Franchisee, Managing Party, or those persons defined in Section 14.5 are violating this Section 14.

14.5 PARTIES TO WHOM RESTRICTIONS APPLY. The restrictions set forth in this Section 14 will apply to (i) Franchisee and Managing Party, (ii) if Franchisee is a corporation, partnership, limited liability company, or other form of entity, each manager, officer, member, director, partner, shareholder, non-managing party, owner and any of the foregoing's immediate family members who have access to the Confidential Information or Trade Secrets, (iii) Franchisee's Contract Facilitators, (iv) if Franchisee is an individual, immediate family members who have access to the Confidential Information or Trade Secrets, (v) employees, agents, or contractors who have access to the Confidential Information or Trade Secrets, and (vi) Guarantors who sign the TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations attached as Exhibit III. TAB may require the persons described in this Section 14.5 to sign a non-disclosure and non-competition agreement in TAB's sole discretion.

14.6 INJUNCTIVE RELIEF. TAB and Affiliates must be protected against the potential for unfair competition by Franchisee's and those individuals' subject to this covenant as set out in Section 14.5 use of TAB's or Affiliates' training, assistance, Confidential Information, or Trade Secrets in direct competition with TAB or Affiliates. TAB would not have entered into the Agreement or shared the Confidential Information, Trade Secrets, or other proprietary information with Franchisee or Managing Party without Franchisee's and those individuals' agreement to strictly comply with the provisions of this Section 14. As a TAB franchisee, Franchisee and those individuals subject to this covenant as set out in Section 14.5 will have access to TAB's or Affiliates' Confidential Information or Trade Secrets and will be in a unique position to use the special knowledge gained as a TAB franchisee. A breach of the covenants contained in this Section 14 will be deemed to threaten immediate and substantial irreparable injury to TAB and Affiliates that cannot be compensated for by monetary damages. TAB and Affiliates may obtain immediate



injunctive relief without limiting any other rights or remedies TAB may have and without posting a bond without prior notice to Franchisee.

14.7 SEVERABILITY. TAB has attempted to limit the right to compete only to the extent necessary to protect TAB's legitimate business interests and the Parties recognize that reasonable people may differ in making such a determination. If the scope or enforceability of a restrictive covenant in the Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the existing circumstances. TAB reserves the right to reduce the scope of any covenant without Franchisee's consent at any time effective immediately upon notice to Franchisee. Each of the foregoing covenants is to be construed as severable and independent and are intended to protect TAB, Affiliates, and their successors and assigns, and may be enforced by any of them.

14.8 INDEPENDENT OBLIGATIONS. The obligations set out in this Section 14 are independent of any obligation of TAB.

## 15. INSURANCE AND INDEMNIFICATION

### 15.1 INSURANCE.

(a) Coverage. Franchisee will procure and maintain in full force and effect the required insurance coverage as may be set forth in the Operations Manual and all insurance coverage required by applicable law throughout the Term at Franchisee's sole cost and expense. TAB may modify the insurance coverage requirements in TAB's reasonable discretion and Franchisee will comply with any such modification within such reasonable time as TAB requires. The required insurance amounts are for minimum coverage only.

(b) Requirements. All insurance policies obtained by Franchisee will (i) name TAB as an additional or "added" insured, (ii) contain a waiver by the insurance carrier of all subrogation rights against TAB, Affiliates, officers, directors, owners, shareholders, and employees, and (iii) provide that TAB will receive 30 days' written notice prior to the termination, cancellation, expiration, or modification of any such policy. Franchisee will furnish to TAB a copy of a certificate, or other evidence, of the insurance or renewal or extension for each required insurance policy, together with evidence of payment of premiums and the policy limits then required within 30 days of the Agreement and within ten days of each annual policy renewal.

(c) Failure to Obtain Insurance. If Franchisee fails to maintain in effect any insurance coverage required by the Agreement or to furnish satisfactory evidence thereof after 30 days' notice to Franchisee, TAB, at its sole discretion and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on Franchisee's behalf, and Franchisee will promptly execute any applications or other forms or instruments required to obtain any such insurance. Franchisee will reimburse TAB upon demand for any costs, expenses, or premiums incurred by TAB.

### 15.2 INDEMNIFICATION BY FRANCHISEE.

(a) Scope. Franchisee will indemnify and hold the TAB Indemnified Parties harmless from and against, and reimburse them for, all liabilities, obligations, actual and consequential damages, taxes, costs, expenses, and losses including, without limitation, costs of judgment or settlement, attorneys' fees, accountants' fees, and expert witness' fees, costs and expenses of investigation and proof of facts, court costs and expenses, other litigation expenses, and travel and living expenses that are reasonably incurred by any of the TAB Indemnified Parties in connection with any claim, litigation, or other action arising out of or through (i) Franchisee's Business and the operation of Franchisee's Business, (ii) any services

performed by any third parties including, without limitation, the services of Franchisee's Contract Facilitators, (iii) Franchisee's or Managing Party's breach of the Agreement or any Member agreement, (iv) Franchisee's or Franchisee's Contract Facilitator's breach of any Contract Facilitator Agreement, (v) Franchisee's taxes, liabilities, costs, or expenses of Franchisee's Business, or (vi) Franchisee's or Franchisee's affiliates' activities that the TAB Indemnified Parties are named or threatened to be named as a party. Franchisee will satisfy any judgment or settlement that arises out of any such claim, litigation, or other action.

(b) Defense of Claims. Without limiting the generality of the foregoing, if the TAB Indemnified Parties are made a party to any lawsuit or other legal action as described in Section 15.2(a), TAB may, at its sole discretion, either (i) tender the defense or prosecution of the case or action to Franchisee and Franchisee will be responsible for diligently and promptly pursuing such case or action at Franchisee's sole cost and expense, or (ii) directly hire counsel to protect its interests and Franchisee will reimburse TAB for all costs, fees, and expenses incurred.

(c) Trademark Claims. This Section 15.2 will not apply to any claim based on Franchisee's authorized use of the Trademarks in strict accordance with the Agreement and the Operations Manual.

15.3 SURVIVAL. This indemnity will continue in full force and effect after and notwithstanding the expiration, transfer, or termination of the Agreement.

## 16. ASSIGNMENT, TRANSFER, AND ENCUMBRANCE

16.1 BY TAB. The Agreement is fully assignable and transferable by TAB in whole or in part and will inure to the benefit of any assignees, transferees, or other legal successors to TAB's interest herein. Upon such assignment, TAB will be relieved of all obligations and liability under the Agreement. Upon consummation of the assignment, Franchisee will release and hold TAB harmless from any future liability under any of the express or implied terms, conditions, and covenants contained in the Agreement. Franchisee will look solely to the assignee for performance of TAB's obligations hereunder.

16.2 BY FRANCHISEE. The rights and duties created by the Agreement are personal to Franchisee, Managing Party, and Franchisee's owners, and TAB has granted the rights under the Agreement to Franchisee in reliance upon the individual or collective character, skill aptitude, attitude, business ability, experience, and financial capacity of Franchisee, Managing Party, and Franchisee's owners. Franchisee will not Transfer Franchisee's Business, the Agreement or any direct or indirect ownership interest in (i) Franchisee's Business, (ii) Franchisee, (iii) any of Franchisee's assets solely or primarily used in connection with Franchisee's Business, or (iv) any right to provide Facilitation services or Member coaching to any Member without TAB's prior written consent that will be granted in TAB's sole discretion. Any Transfer without such approval will constitute a breach of the Agreement, be void, and convey no rights to or interest in the Agreement, Franchisee's Business, any Contract Facilitator Agreement, Member agreement, Member, or any direct or indirect ownership interest in Franchisee's Business, Franchisee, or Franchisee's assets.

16.3 CONDITIONS FOR TRANSFER OF BUSINESS BY FRANCHISEE. In addition to any other reasonable conditions TAB requires for its consent, in order for TAB to grant its consent to a Transfer, the following conditions must be met:

(a) Franchisee, Managing Party, and Franchisee's owners are in full compliance with the Agreement and all other agreements between TAB or Affiliates and Franchisee, Managing Party, and Franchisee's owners;

(b) If the transferee, its owners, or affiliates are a party to any agreement with TAB or Affiliates, they will be in full compliance with any such agreement;

(c) In the sole opinion of TAB, the transferee is an individual of good moral character with sufficient business experience, aptitude, and financial resources to own and operate Franchisee's Business and otherwise satisfy the then-applicable criteria and standards for new TAB franchisees including the prohibition on any transferee or its owners or Managing Party from directly or indirectly owning or engaging in, or intending to engage in, any Competitive Activity;

(d) The transferee completes and passes TAB's application and background check process;

(e) The transferee and its managing party, if the transferee is a legal entity, covenants to successfully complete TAB's Initial Training Program, Advanced Business Development Training, StratPro Training, or such other training programs as may then be required of new TAB franchisees and pay TAB the then-current Initial Training Fee. The training requirement may not necessarily be satisfied by the transferee completing any prior TAB training program including, without limitation, the Contract Facilitator Training;

(f) The transferee and its management if the transferee is a legal entity execute the then-current form of Franchise Agreement and such ancillary agreements as are then used by TAB to grant franchise rights for the operation of a Business. If the Transfer is of less than 51% of the ownership interest in Franchisee and Managing Party remains the same, TAB may waive the requirement to sign the then-current form of Franchise Agreement and ancillary agreements in TAB's sole discretion;

(g) All obligations including all amounts owed by Franchisee, Managing Party, and Franchisee's owners to TAB or Affiliates will be satisfied or assumed by the transferee;

(h) Franchisee pays TAB a Transfer Fee as set out in Section 5.2(r) in lieu of an Initial Franchise Fee. If the Transfer is of less than 51% of the ownership interest in Franchisee and Managing Party remains the same, TAB may waive the Transfer Fee in TAB's sole discretion;

(i) If the transferee was introduced to Franchisee via a franchise broker, TAB's franchise sales process, or a referral source working with TAB, Franchisee pays any applicable referral fees, TAB's standard resale fee, and any other sales commission that would have been paid to any TAB salesperson working with the transferee;

(j) TAB will have the right, but not the obligation, to approve the material terms and conditions of such Transfer including, without limitation, determining that the price and terms of payment are not so burdensome as to adversely affect the operation of Franchisee's Business by the transferee; and

(k) Franchisee, Managing Party, and Franchisee's owners execute a general release in a form prescribed by TAB.

16.4 ASSIGNMENT TO A LEGAL ENTITY. Subject to Section 8.1(c), the Agreement, assets, and liabilities of Franchisee's Business may be assigned by Franchisee to a corporation, limited liability company, or other legal entity, provided that (i) Franchisee owns and controls no less than 51% of the equity and voting power of all issued and outstanding ownership interests, (ii) the corporation, limited liability company, or other legal entity does not conduct any other business except for the operation of Franchisee's Business, and (iii) Managing Party continues to be Managing Party of Franchisee's Business. The articles of incorporation, bylaws, and other organizational documents of such entity will recite that the issuance and assignment of any interest therein is restricted by the terms of the Agreement and all issued and outstanding

equity ownership certificates of such entity will bear a legend reflecting or referring to the restrictions herein. At any time upon request by TAB, Franchisee will furnish a list of all owners of equity in such entity reflecting their respective ownership interests to TAB in such form as TAB requires.

16.5 OWNERSHIP OF MANAGING PARTY. If Franchisee is a partnership, corporation, limited liability company, or other entity, Managing Party will own at least 51% of Franchisee's equity interest.

16.6 FRANCHISEE'S DEATH OR DISABILITY. Upon the death, permanent disability, insanity or appointment of a conservator or guardian of Franchisee, Franchisee's owners, or Managing Party, within 180 days and subject to the conditions set out in Section 16.3, Franchisee's owners, Managing Party, Franchisee's estate, executor, administrator, conservator, or other personal representative will assign such person's interest in Franchisee's Business to a third party approved by TAB. If the heirs or beneficiaries of any such person are unable to meet the conditions of Section 16.3, Franchisee, Franchisee's owners, Managing Party, or such estate, executor, administrator, conservator, or other personal representative will have a reasonable time, not to exceed 180 days, from the date of such death, permanent disability, insanity, or appointment of a conservator or guardian, to dispose of Franchisee's, Franchisee's owners,' or Managing Party's interest, subject to the conditions set out in Section 16.3. Failure to so dispose of Franchisee's, Franchisee's owners,' or Managing Party's interest within 180 days will constitute a breach of the Agreement. Within 15 days after the date of Franchisee's, Franchisee's owners,' or Managing Party's death, permanent disability, insanity, or appointment of a conservator or guardian, Franchisee, Franchisee's owners, Managing Party or the estate, executor, administrator, conservator, or other personal representative will appoint an interim manager who has been preapproved by TAB to operate Franchisee's Business until the rights to own Franchisee's Business have been assigned within the 180-day period referenced in this Section 16.6. If Franchisee, Franchisee's owners, Managing Party, or the estate, executor, administrator, conservator, or other personal representative fails to appoint an interim manager within 15 days, TAB may appoint one as set forth in Section 16.7.

16.7 OPERATION OF FRANCHISEE'S BUSINESS. In order to prevent any interruption of the operation of Franchisee's Business that would cause harm to Franchisee's Business, if Franchisee, Managing Party, Franchisee's owners, or Franchisee's Contract Facilitators are unable or fail to operate Franchisee's Business for a period of 45 days or longer for any reason whatsoever (except as provided in Section 16.6, in which case the period is 15 days), Franchisee authorizes TAB to appoint an interim manager to operate Franchisee's Business for so long as TAB deems necessary and practical. If TAB appoints an interim manager, all revenue from the operation of Franchisee's Business will be kept in a separate account and the expenses of Franchisee's Business including reasonable compensation and expenses of TAB and its agents will be charged to the account. TAB will also retain 50% of Franchisee's Business' revenue as a management fee. Nothing contained herein will be construed to require TAB to operate Franchisee's Business in the case of Franchisee's inability to do so and the rights set forth herein will be exercised in the sole and absolute discretion of TAB.

16.8 TAB'S RIGHT OF FIRST REFUSAL.

(a) Notice of Offer. If Franchisee obtains a *bona fide*, arm's length, executed, and written offer from a responsible and fully disclosed purchaser to Transfer an interest in Franchisee's Business, the material assets of Franchisee's Business, or an ownership interest in Franchisee (if Franchisee is a legal entity), Franchisee will submit an exact copy of such offer to TAB by sending the information via registered mail, separately, to the Chief Executive Officer and General Counsel of TAB.

(b) Right of First Refusal. TAB will have the right, exercisable by written notice delivered to Franchisee, Managing Party, or Franchisee's owners within 30 days from the date of delivery of an exact copy of such offer to TAB, to purchase such interest that is the subject of the written offer described in

Section 16.8(a) for the price and on the terms and conditions contained in such offer. TAB may substitute cash for any form of payment proposed in such offer and will have no less than 30 days to prepare for closing. Franchisee will satisfy all outstanding obligations of Franchisee's Business; at closing, TAB may pay any of Franchisee's outstanding trade creditors out of the purchase price and set off any of Franchisee's unpaid debts to TAB against the purchase price.

(c) Failure to Exercise Right of First Refusal. If TAB does not exercise its right of first refusal, Franchisee, Managing Party, or Franchisee's owners may complete the sale to such purchaser pursuant to and on the terms of such offer subject to TAB's approval of the Transfer as provided in Section 16.3 and this Section 16.8.

(d) Ongoing Right. If the sale to such transferee that is the subject of the offer described in Section 16.8(a) is not completed within 120 days after delivery of such offer to TAB, or if there is a material change in the terms of the sale, TAB will have an additional right of first refusal as herein provided.

16.9 NO WAIVER. TAB's consent to a Transfer pursuant to this Section 16 will not constitute a waiver of any claims TAB may have against Franchisee, Franchisee's owners, or Managing Party, nor will be deemed a waiver of TAB's right to demand exact compliance with any of the terms or conditions of the Agreement.

## 17. DEFAULT, SUSPENSION, AND TERMINATION

17.1 REMEDIES. If Franchisee is in Default, TAB has the right at its sole discretion and without prejudice to any other rights or remedies it may have, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in Default, (ii) suspend Franchisee's, Managing Party's, or Franchisee's Contract Facilitators right to use the Licensed Methods, (iii) suspend Franchisee's, Managing Party's, or Franchisee's Contract Facilitators' right to form Boards, Facilitate Boards, or provide Member coaching, (iv) terminate the Agreement and all rights granted to Franchisee hereunder subject to any provisions of applicable law governing franchise termination and renewal, (v) suspend the Microsite, (vi) suspend access to the CRM System, (vii) impose a fee for late or non-submittals of reports or required materials, or (viii) exercise any other rights it may have under the Agreement at law or in equity.

17.2 OPPORTUNITY TO CURE. If any of the following conditions are met, TAB will have the right to exercise its remedies described in Section 17.1 after giving Franchisee 30 days' prior written notice. Franchisee will have an opportunity to cure the condition during the 30-day period commencing on the date of such written notice. Notwithstanding the foregoing, Franchisee may have a shorter or longer period to cure such condition if required or permitted by applicable law or otherwise stated in the Agreement. Conditions that allow for an opportunity to cure are:

(a) Failing to perform any of the lawful terms, conditions, and obligations contained in the Agreement or the Operations Manual or any other agreement that Franchisee, Franchisee's owners, Managing Party, affiliates, officers, or directors have with TAB or Affiliates;

(b) Failing to comply with Franchisee's obligations under any Member agreement;

(c) Losing any permit or license that is a prerequisite to the operation of Franchisee's Business;

(d) Using a Contract Facilitator who (i) has not signed a Contract Facilitator Agreement in the form required by TAB, (ii) has not successfully completed Contract Facilitator Training, (iii) has been determined by TAB in its sole discretion to be unqualified to serve as a Contract Facilitator, (iv) has not

complied with the terms of the Contract Facilitator Agreement, or (v) has made payments to Franchisee, Managing Party, or their affiliates in a manner prohibited by Section 11.2(a)(ii);

(e) Failing to provide TAB with the reports and other financial information as required under the Agreement or as set forth in the Operations Manual;

(f) Failing to pay Franchisee's lawful debts and taxes when due, provided that Franchisee will not be in Default hereunder during any period that Franchisee may reasonably contest such debt or taxes;

(g) Failing or refusing to obtain TAB's prior written approval or consent as required by the Agreement;

(h) Failing or refusing to comply with the then-current requirements of the Operations Manual;

(i) Committing any other act that constitutes good cause under applicable law or court decisions; or

(j) Failing to submit a Membership Application to TAB for any Members prior to their receiving coaching or participating in a Board.

17.3 NO OPPORTUNITY TO CURE. Notwithstanding anything contained herein to the contrary and subject to applicable law, if any of the following conditions are met, TAB will be permitted to exercise its remedies described in Section 17.1 immediately upon delivery of notice to Franchisee without prejudice to any other rights or remedies provided for in the Agreement or at law or in equity. Conditions that do not allow for an opportunity to cure are:

(a) Conviction of (i) any criminal misconduct that adversely affects the operation, maintenance, reputation, or goodwill of Franchisee's Business, the Licensed Methods, TAB, Affiliates, or other TAB franchisees or licensees, or (ii) any felony;

(b) Engaging in fraudulent activity that in TAB's sole opinion adversely affects the operation, maintenance, reputation, or goodwill of Franchisee's Business, the Licensed Methods, TAB, Affiliates, or other TAB franchisees or licensees;

(c) Misrepresenting information that Franchisee is required to report to TAB or in Franchisee's application to become a TAB franchisee;

(d) Engaging in conduct that in the sole opinion of TAB reflects unfavorably upon the operation, maintenance, goodwill, or reputation of Franchisee's Business, other TAB franchisees, licensees, the Licensed Methods, TAB, or Affiliates;

(e) Abandoning Franchisee's Business or failing to actively operate Franchisee's Business. "Abandonment" will be determined by TAB and may include, without limitation, (i) failure to Facilitate a monthly Board Meeting, (ii) activity by Franchisee that indicates an intent to discontinue operation of Franchisee's Business including, without limitation, resigning or transferring substantially all Franchisee's Members or placing a significant number of Franchisee's Members on scholarship as determined by TAB, or (iii) failing to respond to TAB's efforts to communicate with Franchisee;

(f) Failing to pay any sums due from Franchisee to TAB, Affiliates, suppliers, distributors, or manufacturers if such failure continues for seven days after such sums are due and payable;

- (g) Failing to pay any amounts due to TAB by their specified due dates two or more times within a twelve-month period whether or not such failures or refusals are cured after notice;
- (h) Subject to this Section 17.3(h), accruing three or more failures or refusals to comply with the provisions of the Agreement within a twelve-month period whether or not such failures or refusals are for the same matter or are cured after notice;
- (i) Franchisee, Managing Party, or any Guarantors becoming insolvent or the subject of an insolvency proceeding or comparable proceeding, making a general assignment for the benefit of creditors, or having a receiver appointed;
- (j) Diverting, concealing, or failing to report, or attempting to divert, conceal, or fail to report any recruiting for Members in a manner or in an area that is in violation of the Agreement or any other agreement involving TAB or Affiliates;
- (k) Directly collecting any Membership Dues, Business Assessment Fees, or other fees due from Members without TAB's prior approval;
- (l) Franchisee, Franchisee's affiliates, or those persons set out in Section 14.5 engaging in any Competitive Activity;
- (m) Challenging or attempting to register, patent, trademark, or copyright any of the Licensed Methods, Trademarks, Confidential Information, Trade Secrets, Operations Manual, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates;
- (n) Misusing the Licensed Methods, Trademarks, Confidential Information, Trade Secrets, Operations Manual, Microsite, or other proprietary materials provided by TAB, Affiliates, or on behalf of TAB or Affiliates and not remedying or causing to be remedied such misuse within ten days after Franchisee becomes aware or reasonably should have become aware of such misuse;
- (o) Intentionally or negligently disclosing to any unauthorized person the contents of or any part of the Operations Manual, Licensed Methods, Confidential Information, Trade Secrets, or other proprietary information provided to Franchisee by TAB, Affiliates, or on behalf of TAB or Affiliates;
- (p) Violating the transfer or assignment provisions of the Agreement;
- (q) Using TAB franchisee information, licensee information, Affiliate information, or Member Information in a manner prohibited under the Agreement, the Operations Manual, or any other agreement between Franchisee, TAB, or Affiliates;
- (r) Franchisee or Managing Party failing to satisfactorily complete the Initial Training Program, Advanced Business Development Training, or StratPro Training;
- (s) Making any misrepresentation under Section 20 or violating any Anti-Terrorism Laws by Franchisee, any persons set out in Section 14.5, Franchisee's agents, or Franchisee's employees;
- (t) Having any material judgment (or several judgments that in the aggregate are material) obtained against Franchisee that remain unsatisfied or of record for 30 days or longer unless a supersedes or other appeal bond has been filed, or having execution levied against Franchisee's Business or any of the property used in the operation of Franchisee's Business that is not discharged within 15 days;

- (u) Creating a sub-franchise of any kind under applicable law; or
- (v) Committing a Default that is not curable by its nature.

17.4 FRANCHISEE'S TERMINATION AND REMEDIES. Termination of the Agreement by Franchisee without cause is a Default of the Agreement by Franchisee. Franchisee will not withhold payment of any amount due to TAB whatsoever or set off amounts owed to TAB under the Agreement against any monies owed to TAB on the basis of an alleged nonperformance by TAB of any of its obligations or for any other reason. Any right of set off is hereby expressly waived by Franchisee.

17.5 CROSS-DEFAULT. If Franchisee, or any partnership, joint venture, limited liability company, corporation, or other entity Franchisee has a controlling equity interest in, are a TAB franchisee pursuant to another Franchise Agreement with TAB, a Default will constitute a default under such other Franchise Agreement and *vice-versa*, with like remedies available to TAB. If such other Franchise Agreement ceases to be valid, binding, and in full force and effect for any reason, TAB may at its sole discretion terminate the Agreement, and likewise if the Agreement ceases to be valid, binding, and in full force and effect for any reason, TAB may, at its option, terminate the other Franchise Agreement. If Franchisee or the other TAB franchisee is composed of more than one person or legal entity, liability hereunder will be joint and several.

17.6 OBLIGATIONS UPON TERMINATION, TRANSFER, OR EXPIRATION.

(a) Prohibited Activities. After any termination, expiration, or transfer of the Agreement for any reason whatsoever, Franchisee, Franchisee's owners, and Managing Party will not:

(i) Use any of the Licensed Methods, Confidential Information, Trade Secrets, Operations Manual, Contract Facilitator Agreements, Member Agreements, Microsite, TAB, or Affiliates' proprietary materials, colorable imitation thereof, or anything confusingly similar thereto;

(ii) Use any indicia of TAB or of Franchisee's Business in any manner or for any purpose except for reference to Franchisee's tenure as a TAB franchisee; and

(iii) At any time or in any manner disparage or take any action detrimental or disruptive to TAB, Affiliates, Members, owners, officers, directors, any other TAB franchisees or licensees, or their products or services.

(b) Required Actions. Except as otherwise specified by TAB, upon termination or expiration of the Agreement, within 15 days or such other period specified by TAB, Franchisee will:

(i) Immediately notify all callers requesting information about Franchisee's former Business, TAB, Members, Boards, or Member coaching that such inquiries should be made to another telephone number as specified by TAB;

(ii) Take such action as is necessary to remove all references to Franchisee's Business, the TAB System, URLs that contain the Trademarks or any portion thereof or confusingly similar thereto, or other TAB or Affiliates' proprietary information from all telephone listings, listing agencies, websites, Internet, answering services, and any other organizations where Franchisee has used the listed items;

(iii) Take such action as may be required to remove all references to Franchisee's Business, the TAB System, or other parts of TAB's or Affiliates' proprietary information from Franchisee's websites, web hosting service providers, email providers, and Internet service providers;



(iv) Cancel all fictitious or assumed names or equivalent registrations relating to Franchisee's Business;

(v) Execute any additional documentation required by TAB to effectuate this Section 17.6(b);

(vi) Pay TAB all unpaid amounts owed to TAB or Affiliates within five days after the effective date of termination or expiration of the Agreement. Franchisee will allow TAB to make a final inspection and audit of Franchisee's books and records during normal business hours within a two-year period after the termination, expiration, or transfer of Franchisee's Business to verify all amounts owed to TAB;

(vii) Pay TAB all royalties, Marketing Development Fees, or other obligations that would become due and owing to TAB or Affiliates during the Term unless otherwise waived by TAB as liquidated damages and not a penalty;

(viii) Comply with all other post-term obligations that expressly or by their nature survive the expiration or termination of the Agreement; and

(ix) Execute a release in a form specified by TAB.

(c) Information to be Furnished to TAB. Within 15 days after the effective date of any termination or expiration of the Agreement, Franchisee will:

(i) Promptly destroy or return to TAB or its designee per TAB's instructions all copies of stationery, letterhead, signs, marketing and advertising materials and other materials, training materials, instructional programs, forms, invoices, and copies or facsimiles of any of the above materials used in Franchisee's Business, materials containing any of the Licensed Methods, Confidential Information, Membership Information, Trade Secrets, or other TAB proprietary information, the Operations Manual, Contract Facilitator Agreements, Member Agreements, contact information for Members and Contract Facilitators, any other item identifying or relating to Franchisee's Business, and all records pertaining to Franchisee's Business that belong to TAB; and

(ii) Furnish evidence satisfactory to TAB of Franchisee's compliance with this Section 17.6(c).

## 17.7 FACILITATING BOARDS AND MEMBER COACHING AFTER TERMINATION.

(a) Right to Continue Facilitation and Member Coaching. Notwithstanding the above, Franchisee may request that Franchisee continue Facilitation and Member coaching in the Protected Territory after the termination or expiration of the Agreement. Such request must be in writing and TAB may approve or reject the request in its sole discretion.

(b) Conditions. If TAB approves Franchisee's request as provided for in Section 17.7(a), Franchisee's request will be subject to the following conditions:

(i) Franchisee will not market, advertise, or prospect for any new Members;

(ii) Franchisee will sign TAB's then-current Contract Facilitator Agreement or Independent Facilitator Coach Agreement; and

(iii) Franchisee will comply with the Facilitation and Member coaching requirements in the Operations Manual and any other requirements imposed by TAB in the Contract Facilitator Agreement or Independent Facilitator Agreement.

(c) Post-Termination Obligations. If Franchisee obtains TAB's approval to continue to Facilitate Boards and provide Member coaching pursuant to this Section 17.7 and Franchisee continues to meet the conditions set out in Section 17.7(b), Franchisee will not be required to immediately comply with all post-termination obligations set forth in the Agreement identified by TAB. Franchisee will comply with any such unfulfilled obligations upon TAB's request at any time after the termination or expiration of the Agreement or any Contract Facilitator Agreement or Independent Facilitator Coach Agreement Franchisee signs and all such obligations will survive the termination or expiration of the Agreement, Contract Facilitator Agreement, or Independent Facilitator Coach Agreement.

17.8 TAB'S RELATIONSHIP WITH FRANCHISEE'S FORMER MEMBERS. Upon any expiration or termination of the Agreement, TAB retains the right to sell and provide products and services including, without limitation, those relating to the Licensed Methods and Supplemental Products and Services, to any of Franchisee's former Members and to continue to solicit such former Members for additional business. TAB will have full rights to assign another person or entity to render the services and sell the products offered by Franchisee when Franchisee was operating Franchisee's Business, through franchising, licensing, or any other legal method. Upon the expiration or termination of the Agreement, Franchisee will have no rights to Franchisee's former Members and the Members will continue to belong to TAB, its successors, and assigns. If requested by TAB, Franchisee will use Franchisee's best efforts to cooperate with TAB to retain Franchisee's former Members as participants in the TAB community.

17.9 NO WAIVER. Transfer, termination, or expiration of the Agreement will not affect, modify, or discharge any claims, rights, causes of action, or remedies that TAB may have against Franchisee whether such claims or rights arise before or after termination or expiration.

17.10 MEMBERSHIP DUES COLLECTED AFTER TERMINATION OR EXPIRATION. TAB will retain all Collected TAB Revenue collected after the expiration or termination date of the Agreement. Franchisee will not be entitled to any portion of the Collected TAB Revenue collected after the expiration or termination date of the Agreement regardless of when such Collected TAB Revenue accrued.

## 18. REMEDIES, DISPUTE RESOLUTION, WAIVERS, ETC.

18.1 DISPUTE RESOLUTION. THE PARTIES HAVE NEGOTIATED REGARDING A FORUM AND DISPUTE RESOLUTION MECHANISM TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN THE PARTIES AND HAVE AGREED TO SELECT FORUMS AND A DISPUTE RESOLUTION MECHANISM TO PROMOTE STABILITY IN THE FRANCHISE RELATIONSHIP AS PROVIDED IN THIS SECTION 18.

(a) Negotiation. THE PARTIES WILL USE THEIR BEST EFFORTS TO RESOLVE AND SETTLE BY DIRECT, PRIVATE NEGOTIATION ANY DISPUTES SUBJECT TO THE EXCLUSIONS SET OUT IN SECTION 18.10. EITHER PARTY MAY SEEK THE ADVICE AND ASSISTANCE OF LEGAL COUNSEL FOR ANY SUCH NEGOTIATION.

(b) Mediation. SUBJECT TO SECTION 18.3, IF THE PARTIES CANNOT RESOLVE AND SETTLE A DISPUTE BY PRIVATE NEGOTIATION WITHIN 60 DAYS AFTER A PARTY GIVES THE OTHER WRITTEN NOTICE THAT A DISPUTE EXISTS, THE PARTIES MUTUALLY AGREE THAT BEFORE COMMENCING ANY ARBITRATION PROCEEDING AS PROVIDED BELOW, THE

DISPUTE WILL FIRST BE SUBMITTED TO NON-BINDING MEDIATION. THE MEDIATION WILL BE CONDUCTED UNDER THE THEN-CURRENT AMERICAN ARBITRATION ASSOCIATION PROCEDURE FOR RESOLUTION OF FRANCHISE DISPUTES EXCEPT TO THE EXTENT THE AMERICAN ARBITRATION ASSOCIATION RULES DIFFER FROM THE TERMS OF THE AGREEMENT, IN WHICH CASE THE TERMS OF THE AGREEMENT WILL BE APPLIED. THE PARTIES WILL SELECT THE MEDIATOR FROM THE AMERICAN ARBITRATION ASSOCIATION PANEL OF NEUTRALS UNLESS THE PARTIES MUTUALLY AGREE TO THE SELECTION OF ANOTHER MEDIATOR. IF THE PARTIES CANNOT AGREE ON THE SELECTION OF A MEDIATOR, THE AMERICAN ARBITRATION ASSOCIATION WILL MAKE THE SELECTION. THE MEDIATOR MAY NOT BE CALLED AS A WITNESS IN ANY COURT OR ARBITRATION PROCEEDING FOR ANY PURPOSE. EACH PARTY WILL SEND AT LEAST ONE REPRESENTATIVE TO THE MEDIATION CONFERENCE WHO HAS THE AUTHORITY TO ENTER INTO BINDING CONTRACTS ON THAT PARTY'S BEHALF. THE COST OF THE MEDIATION, INCLUDING THE MEDIATOR'S FEE AND EXPENSES, WILL BE SPLIT EQUALLY BETWEEN THE PARTIES.

(c) Arbitration. IF THE PARTIES CANNOT FULLY RESOLVE AND SETTLE A DISPUTE THROUGH DIRECT MEDIATION WITHIN 30 DAYS AFTER THE MEDIATION CONFERENCE CONCLUDES, ALL UNRESOLVED ISSUES INVOLVED IN THE DISPUTE WILL BE SUBMITTED TO BINDING ARBITRATION BY THE AMERICAN ARBITRATION ASSOCIATION UPON DEMAND OF EITHER PARTY. A NOTICE OR REQUEST FOR ARBITRATION WILL NOT OPERATE TO STAY, POSTPONE, OR RESCIND THE EFFECTIVENESS OF ANY DEMAND FOR PERFORMANCE OR NOTICE OF TERMINATION. THE ARBITRATION PROCEEDING WILL BE BEFORE ONE NEUTRAL ARBITRATOR WITH CONTRACT EXPERIENCE APPOINTED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH THE THEN-CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. EXCEPT AS OTHERWISE PROVIDED IN THE AGREEMENT, ARBITRATION WILL BE CONDUCTED IN ACCORDANCE WITH THE THEN-CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR WILL FOLLOW AND APPLY THE EXPRESS PROVISIONS OF THE AGREEMENT IN DETERMINING THE ARBITRATION AWARD. THE ARBITRATOR WILL NOT EXTEND, MODIFY, OR SUSPEND ANY OF THE TERMS OF THE AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY TAB. THE ARBITRATOR WILL BE BOUND TO APPLY THE APPLICABLE LAW AND WILL NOT RULE INCONSISTENTLY WITH APPLICABLE LAW. IN ANY ARBITRATION PROCEEDING, EACH PARTY WILL SUBMIT OR FILE ANY CLAIM THAT WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM AS DEFINED BY THE FEDERAL RULES OF CIVIL PROCEDURE WITHIN THE SAME PROCEEDING AS THE CLAIM IT RELATES TO. ANY CLAIM THAT IS NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. UPON THE WRITTEN REQUEST OF THE OTHER PARTY, EACH PARTY WILL PROMPTLY PROVIDE THE OTHER PARTY WITH COPIES OF DOCUMENTS RELEVANT TO THE ISSUES RAISED BY ANY CLAIM OR COUNTERCLAIM THAT THE PRODUCING PARTY MAY RELY UPON IN SUPPORT OF OR IN OPPOSITION TO ANY CLAIM OR DEFENSE. ANY DISPUTE REGARDING DISCOVERY OR THE RELEVANCE OR SCOPE THEREOF WILL BE DETERMINED BY THE ARBITRATOR. ALL DISCOVERY WILL BE COMPLETED WITHIN 60 DAYS FOLLOWING APPOINTMENT OF THE ARBITRATOR. AT THE REQUEST OF EITHER PARTY, THE ARBITRATOR WILL HAVE THE DISCRETION TO ORDER EXAMINATION BY DEPOSITION OF WITNESSES TO THE EXTENT THE ARBITRATOR DEEMS SUCH ADDITIONAL DISCOVERY RELEVANT AND APPROPRIATE. DEPOSITIONS WILL BE LIMITED TO A MAXIMUM OF FIVE PER PARTY AND HELD WITHIN 30 DAYS OF THE MAKING OF A REQUEST. ADDITIONAL DEPOSITIONS MAY BE SCHEDULED ONLY WITH THE PERMISSION OF THE ARBITRATOR

FOR GOOD CAUSE SHOWN. EACH DEPOSITION WILL BE LIMITED TO A MAXIMUM OF SIX HOURS DURATION. ALL OBJECTIONS ARE RESERVED FOR THE ARBITRATION HEARING EXCEPT FOR OBJECTIONS BASED ON PRIVILEGE AND PROPRIETARY OR CONFIDENTIAL INFORMATION. ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT CLASS-WIDE, BASIS AND ANY ARBITRATION PROCEEDING BETWEEN THE PARTIES WILL NOT BE COMMENCED, CONSOLIDATED, OR CONDUCTED WITH ANY OTHER ARBITRATION PROCEEDING. THE ARBITRATOR HAS NO AUTHORITY TO RULE ON THE ENFORCEABILITY OF THE BAN ON CLASS ACTION ARBITRATION. ANY RULING BY THE ARBITRATOR AUTHORIZING ARBITRATION TO BE CONDUCTED ON A CLASS-WIDE BASIS IS SUBJECT TO APPEAL TO A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR WILL NOT HAVE THE AUTHORITY TO DECLARE ANY GENERIC, DESCRIPTIVE, OR OTHER TRADEMARK INVALID. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER PARTY. ANY AWARD WILL BE MADE WITHIN NINE MONTHS OF THE FILING OF THE NOTICE OF INTENTION TO ARBITRATE AND THE ARBITRATOR WILL AGREE TO COMPLY WITH THIS SCHEDULE BEFORE ACCEPTING APPOINTMENT. THIS TIME LIMIT MAY BE EXTENDED BY THE PARTIES OR ARBITRATOR IF NECESSARY. ANY AWARD WILL INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW. EITHER PARTY MAY APPLY TO THE COURT HAVING JURISDICTION FOR AN ORDER CONFIRMING OR ENFORCING THE AWARD. THE ARBITRATOR WILL HAVE THE RIGHT TO AWARD OR INCLUDE ANY RELIEF THAT THE ARBITRATOR DEEMS PROPER IN THE CIRCUMSTANCES IN THE AWARD INCLUDING MONETARY DAMAGES WITH INTEREST ON UNPAID AMOUNTS FROM DATE DUE, SPECIFIC PERFORMANCE, INJUNCTIVE AND DECLARATORY RELIEF, AND LEGAL FEES AND COSTS IN ACCORDANCE WITH SECTION 18.9, PROVIDED THAT THE ARBITRATOR WILL NOT HAVE THE AUTHORITY TO AWARD EXEMPLARY, PUNITIVE, OR TREBLE DAMAGES.

18.2 FORUM. ANY MEDIATION OR ARBITRATION PROCEEDING WILL TAKE PLACE IN DENVER, COLORADO, OR THE CITY NEAREST TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME AS DETERMINED BY THE MEDIATOR OR ARBITRATOR UNLESS THE PARTIES MUTUALLY AGREE TO ANOTHER LOCATION.

18.3 CONSENT TO JURISDICTION. FRANCHISEE AND MANAGING PARTY SUBMIT TO THE JURISDICTION AND VENUE OF THE COURTS IN DENVER, COLORADO, AND MEDIATION AND ARBITRATION IN DENVER, COLORADO, OR AS PROVIDED IN SECTIONS 18.2 OR 18.10. FRANCHISEE AND MANAGING PARTY HEREBY WAIVE ANY OBJECTION FRANCHISEE OR MANAGING PARTY MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS.

18.4 PRIOR RELATIONSHIP. THE MEDIATOR AND ARBITRATOR SELECTED IN ACCORDANCE WITH SECTIONS 18.1(B) AND 18.1(C) WILL HAVE NO PRIOR BUSINESS OR PERSONAL RELATIONSHIP WITH EITHER PARTY.

18.5 GOVERNING LAW. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN SECTIONS 18.1, 18.10, AND THIS SECTION 18.5, ALL DISPUTES TO BE ARBITRATED BY THE PARTIES PURSUANT TO THE AGREEMENT WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT AND NO PROCEDURAL ARBITRATION ISSUES ARE TO BE RESOLVED PURSUANT TO ANY STATE STATUTES, REGULATIONS, OR COMMON LAW. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THE AGREEMENT WILL BE INTERPRETED UNDER THE LAWS OF COLORADO AND ANY DISPUTE BETWEEN THE PARTIES WILL BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE

**SUBSTANTIVE LAWS OF COLORADO THAT WILL PREVAIL IF ANY CONFLICT OF LAW ARISES.**

**18.6 ARBITRATION VALIDITY AND SCOPE.** The validity and scope of the Parties' arbitration obligation will be determined by an arbitrator and not a court unless the arbitrator invalidates the arbitration provision in its entirety, in which case either Party has the right to appeal such invalidation to a court of competent jurisdiction.

**18.7 BUSINESS JUDGMENT.** The Parties recognize and any mediator, arbitrator, and judge will be affirmatively advised that certain provisions of the Agreement reflect TAB's right to take or refrain from taking certain actions in exercise of its business judgment based on an assessment of the long-term interests of the TAB System as a whole. Where such discretion has been exercised, a mediator, arbitrator, or judge will not substitute their own judgment for the judgment so exercised by TAB.

**18.8 CONFIDENTIALITY.** All negotiations and mediation proceedings including all statements and settlement offers made by either Party or the mediator in connection with negotiation and mediation will be strictly confidential, will be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and will not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

**18.9 COSTS AND ATTORNEYS' FEES.** If either Party takes action to enforce the Agreement or take any action due to the other Party's breach of the Agreement, the non-prevailing Party will reimburse the prevailing Party for costs and expenses including, without limitation, reasonable fees for accountants, attorneys, and expert witnesses, costs of investigation and proof of facts, court costs, travel and living expenses, and other dispute-related expenses whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce or seek relief for a breach of the Agreement. TAB reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with this Section 18.9. If either Party commences any legal action or proceeding in any court in contravention of the terms of Section 18.1, that Party will pay all costs and expenses that the other Party incurs in the action or proceeding including, without limitation, costs and attorney's fees as described in this Section 18.9.

**18.10 DISPUTES NOT SUBJECT TO NEGOTIATION, MEDIATION, OR ARBITRATION.** The following disputes are not subject to the procedures set out in Sections 18.1(a), (b) or (c): (i) Franchisee, Managing Party, Guarantors, Franchisee's owners, affiliates, officers, directors, agents, or employees use of the Trademarks, any other mark that TAB or Affiliates has an interest in, or the Copyrighted Materials, (ii) conduct that is alleged to otherwise infringe the intellectual property rights of TAB or Affiliates, (iii) acts in derogation of Franchisee's obligations under Sections 14.2 and 14.3, or (iv) actions for the collection of moneys expressly owed under the Agreement or any other agreement between the Parties relating to Franchisee's Business or the relationship of the Parties. **THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THE PARTIES UNDER THIS SECTION 18.10 WILL BE THE FEDERAL OR STATE COURTS SITUATED IN DENVER, COLORADO, AND EACH PARTY WAIVES ANY OBJECTION IT MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS. NOTWITHSTANDING THE FOREGOING, IF TAB'S PRINCIPAL PLACE OF BUSINESS IS NOT LOCATED IN THE DENVER, COLORADO, METROPOLITAN AREA, THE NEAREST CITY TO TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME WITH A STATE AND FEDERAL COURT WILL BE SUBSTITUTED FOR DENVER, COLORADO.**

18.11 INJUNCTIVE RELIEF. Notwithstanding anything contained in Section 18.1 to the contrary, either Party will be entitled to seek the entry of an order for temporary, preliminary, interim, interlocutory or permanent injunctive relief, or specific performance from a court of competent jurisdiction without posting bond, enforcing the provisions of the Agreement or any other related agreement pertaining to use of the Licensed Methods, Confidential Information, Trade Secrets, Microsite, Trademarks, compliance with post-termination obligations set out in the Agreement, or any Transfer. If either Party secures any such injunction or order of specific performance, the non-securing Party will pay the securing Party its costs and attorneys' fees described in Section 18.9 and damages that may be permitted under the Agreement. The non-securing Party's sole remedy if such an injunction is issued will be the dissolution of such injunction if warranted upon a hearing duly held with all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby.

18.12 SURVIVAL. The provisions of this Section 18 are intended to benefit and bind certain third party non-signatories. The provisions of this Section 18 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

18.13 SEVERABILITY. If a court of competent jurisdiction decides the requirement to arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by arbitration, because the Agreement limits a Party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the arbitration clause will not be void. Only those portions of the arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

## 19. DISCLAIMER AND LIMITATION OF LIABILITY

19.1 NO WARRANTIES. EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY TAB, TAB AND AFFILIATES MAKE NO EXPRESS, IMPLIED, COLLATERAL, OR CONDITIONAL WARRANTIES WITH RESPECT TO THE TAB SYSTEM, TAB PROMOTIONAL MATERIALS, DESIGNATED MATERIALS, CONTRACT FACILITATOR AGREEMENT, MICROSITE, CRM SYSTEM, STANDARDS, OR ANY OTHER PRODUCTS, SERVICES, AND GOODS DEVELOPED, USED, LICENSED, LEASED, OR SOLD BY TAB OR ITS DESIGNEES FOR USE BY FRANCHISEE IN FRANCHISEE'S BUSINESS. TAB MAKES NO REPRESENTATIONS OR WARRANTIES OF TITLE, CONDITION OF TITLE, OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TAB MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUCCESS OR PROFITABILITY OF FRANCHISEE'S BUSINESS. TAB ASSUMES NO LIABILITIES OR RESPONSIBILITY FOR ANY ACTS OR OMISSIONS THAT MAY GIVE RISE TO LIABILITY TO ANY OF FRANCHISEE'S CONTRACT FACILITATORS OR FRANCHISEE'S MEMBERS. TAB AND AFFILIATES ASSUME NO LIABILITY OR OBLIGATION AND MAKE NO GUARANTEE OR EXPRESS OR IMPLIED WARRANTIES TO FRANCHISEE, MANAGING PARTY, FRANCHISEE'S AFFILIATES, FRANCHISEE'S MEMBERS, OR ANY OF FRANCHISEE'S CONTRACT FACILITATORS BY GRANTING OR DENYING ANY APPROVAL, CONSENT, WAIVER, OR THE LIKE, OR BY REASON OF ANY NEGLIGENCE, DELAY, OR DENIAL OF ANY REQUEST THEREFORE.

19.2 LIMITATION OF LIABILITY. FRANCHISEE, MANAGING PARTY, AND FRANCHISEE'S AFFILIATES HEREBY WAIVE ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE TAB INDEMNIFIED PARTIES TO THE FULLEST EXTENT PERMITTED BY LAW. THE TAB INDEMNIFIED PARTIES WILL NOT BE LIABLE TO FRANCHISEE, MANAGING PARTY, FRANCHISEE'S AFFILIATES, FRANCHISEE'S CONTRACT FACILITATORS, FRANCHISEE'S MEMBERS, OR FRANCHISEE'S CUSTOMERS FOR ANY TORT DAMAGES, PROSPECTIVE PROFITS, OR SPECIAL, INDIRECT, GENERAL, INCIDENTAL, OR

CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL. IF A CLAIM AGAINST THE TAB INDEMNIFIED PARTIES ARISES, FRANCHISEE, MANAGING PARTY, FRANCHISEE'S AFFILIATES, FRANCHISEE'S CONTRACT FACILITATORS, FRANCHISEE'S MEMBERS, OR FRANCHISEE'S CUSTOMERS WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. TAB'S SOLE AND EXCLUSIVE LIABILITY FOR ANY CONDITIONS OR WARRANTIES EXTENDED TO FRANCHISEE WILL BE TO REPAIR OR REPLACE, AT TAB'S OPTION, ANY OF THE PRODUCTS AND GOODS SOLD, LICENSED, OR LEASED BY TAB TO FRANCHISEE THAT ARE NOT IN COMPLIANCE WITH SUCH WARRANTY OR CONDITION. UNDER NO CIRCUMSTANCES WILL THE TAB INDEMNIFIED PARTIES' LIABILITY EXCEED THE GREATER OF THE DOLLAR AMOUNT OF THE INITIAL FRANCHISE FEE OR THE AMOUNT PAID FOR ANY PRODUCT, SERVICE, OR GOOD THAT IS NOT IN COMPLIANCE WITH SUCH CONDITION OR WARRANTY.

## 20. REPRESENTATIONS, WARRANTIES, AND ACKNOWLEDGMENTS

20.1 **DISCLOSURE DOCUMENT.** Franchisee represents and warrants that Franchisee has received a copy of the complete disclosure document required by the Trade Regulation Rule of the Federal Trade Commission concerning the TAB franchise offering at least 14 calendar days prior to the date that the Agreement was executed. Franchisee has received a fully-completed copy of the Agreement at least seven calendar days prior to signing it.

20.2 **NO VIOLATION OF ANY OTHER AGREEMENT OR COMMITMENT.** Franchisee represents and warrants that the execution and performance of the Agreement by Franchisee does not violate or constitute a breach of the terms of any other agreement or commitment that Franchisee is a party to.

20.3 **LEGAL, VALID, AND BINDING OBLIGATION.** Franchisee represents and warrants that the individuals executing the Agreement on Franchisee's behalf are duly authorized to do so and the Agreement will constitute Franchisee's legal, valid, and binding obligation upon its execution.

20.4 **COMPLIANCE.** Franchisee represents and warrants that Franchisee, Managing Party, and if Franchisee is a partnership, limited liability company, corporation, or other entity, each of Franchisee's partners, members, managers, shareholders, and owners, have fully read the Agreement and all related agreements, fully understand the terms and the import of the same, and represent that Franchisee and each of them will comply with the Agreement.

20.5 **CONSULTATION WITH ADVISORS, INDEPENDENT INVESTIGATION, AND ACKNOWLEDGMENT OF FRANCHISEE.** TAB has advised Franchisee to consult with advisors of Franchisee's own choosing before signing the Agreement and Franchisee acknowledges that Franchisee has been given ample time to do so. Franchisee has conducted an independent investigation of the business contemplated by the Agreement and recognizes that the success of Franchisee's Business is speculative, involves a high degree of financial risk and depends upon Franchisee's ability as an independent businessperson and Franchisee's skills, initiative, hard work, and other factors. Franchisee acknowledges that Franchisee may sustain losses from the operation or the closing of Franchisee's Business. Franchisee represents and warrants that (i) Franchisee engaged Franchisee's own legal advisors who are licensed in the Protected Territory and specialize in franchise law to ensure that Franchisee understands Franchisee's obligations under the Agreement and all applicable laws, and (ii) Franchisee has reviewed and understands the laws and licensing requirements that govern the operation of Franchisee's Business.

20.6 REFERRAL FEE. Franchisee acknowledges that if Franchisee sells Franchisee's Business to a candidate referred to TAB, the referral source, whether it be another TAB franchisee, Facilitator, or an unaffiliated third party, may be entitled to a referral fee from Franchisee.

20.7 NON-RELIANCE ON REPRESENTATIONS. TAB does not make any representations or express, implied, or collateral warranties regarding the potential success of Franchisee's Business and no person is authorized to make any such representations or warranties. TAB makes no representations or warranties that the required minimum insurance is adequate to protect either Party. Franchisee acknowledges, understands, and accepts that the information provided by TAB or Affiliates does not constitute a representation or warranty as to the success or profitability of Franchisee's Business. Franchisee is not relying upon any representations by TAB or its officers, directors, shareholders, employees, agents, contractors, or servants about the business contemplated by the Agreement that are contrary to the provisions of the Agreement or any ancillary documents. TAB does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of Franchisee's Business outside of TAB's Franchise Disclosure Document and Franchisee has not received or relied upon any express, implied, or collateral warranty, representation, or guarantee regarding the potential volume, profits, or success of Franchisee's Business outside of TAB's Franchise Disclosure Document. Actual results will vary among TAB's franchisees and TAB cannot estimate the results of any particular Business. Franchisee acknowledges that no approvals, consents, waivers, conditions, or the like by TAB are an endorsement by TAB or a warranty by TAB of the likely success of Franchisee's Business or the appropriateness of the particular items, persons, or matters so approved.

20.8 DIFFERENT FORMS OF AGREEMENTS. Franchisee acknowledges that other TAB franchisees may operate under different forms of agreements and that TAB's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

20.9 TAB MAY REFUSE TO GRANT FRANCHISEE A FRANCHISE. TAB HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON OR FOR NO REASON WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL TAB NOTIFIES FRANCHISEE AND PROVIDES FRANCHISEE WITH A TAB-EXECUTED FRANCHISE AGREEMENT, FRANCHISEE IS NOT A TAB FRANCHISEE AND MAY NOT RELY UPON BECOMING A TAB FRANCHISEE.

20.10 NO RIGHT TO SUB-FRANCHISE. TAB hereby expressly forbids sub-franchising of any kind. Franchisee has no right to sell or negotiate the sale of TAB franchises in the name of or on behalf of TAB. Franchisee will not establish any contractual relationship with any other party that could be deemed or interpreted to have established a sub-franchise relationship. Sub-franchising of any kind on Franchisee's part or behalf will be grounds for immediate termination of the Agreement without notice and without opportunity to cure as set out in Section 17.3.

20.11 CREDIT CHECKS AND BACKGROUND CHECKS. Franchisee authorizes TAB to obtain credit checks and background checks on Franchisee, Managing Party, Franchisee's owners, and Guarantors at any time during the Term.

20.12 APPLICATION FOR FRANCHISE. All statements made by Franchisee in writing in connection with its application for Franchisee's TAB franchise were, to the best of Franchisee's knowledge, true when made and continue to be true as of the Effective Date.

20.13 ANTI-TERRORISM. Franchisee, Managing Party, Guarantors, and Franchisee's owners will comply with and assist TAB to the fullest extent possible with TAB's efforts to comply with the Anti-



Terrorism Laws. Franchisee, Managing Party, Guarantors, and Franchisee's owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee, Managing Party, Guarantors, and Franchisee's owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee, Managing Party, Guarantors, and Franchisee's owners certify that none of them, their respective employees, or anyone associated with Franchisee, Managing Party, Guarantors, and Franchisee's owners is listed in the Annex. Franchisee will not hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Managing Party, Guarantors, Franchisee's owners, their employees, or anyone associated with Franchisee, Managing Party, Guarantors, or Franchisee's owners to be listed in the Annex.

(c) Franchisee is solely responsible for its compliance with the Anti-Terrorism Laws. Franchisee's indemnification responsibilities set forth in the Agreement pertain to its obligations under this Section 20.13.

(d) Any misrepresentation under this Section 20.13 or any violation of the Anti-Terrorism Laws by Franchisee, Managing Party, Guarantors, Franchisee's owners, and their employees will constitute grounds for immediate termination of the Agreement and any other agreement Franchisee has with TAB or Affiliates.

20.14 STATEMENT OF OWNERSHIP. The Statement of Ownership attached to the Agreement as Exhibit II is true, complete, accurate, and not misleading.

## 21. MISCELLANEOUS PROVISIONS

21.1 RELATIONSHIP OF THE PARTIES. Nothing in the Agreement is intended to create or creates the relationship of employer and employee, principal and agent, co-partners, joint venturers, fiduciary, or any other similar relationship, the existence of which is hereby expressly denied by the Parties hereto, between the Parties. Franchisee acknowledges that Franchisee is an independent contractor in all respects. Franchisee does not have the authority to bind TAB to any agreement, whether written or oral, without the signature of the Chief Executive Officer of TAB. Franchisee will not be treated as an employee, partner, or joint venturer of TAB for any purpose including, without limitation, state, or federal income tax purposes. Franchisee will not incur any obligations or indebtedness except in Franchisee's name.

21.2 NON-WAIVER. No waiver by TAB of the performance of any obligation under the Agreement will be construed as a waiver of any other or future default of performance of such obligation. TAB's forbearance, delay, failure to exercise, express waiver of a right, or TAB's decision to take some other action regarding breach by any other TAB franchisee or any licensee or corporate facilitator will not be evidence of a practice, custom, or policy of TAB and will not waive or impair TAB's ability to exercise any right, power, or option it has under the Agreement if the same, similar, or different breach by Franchisee occurs. TAB's acceptance of any payments due from Franchisee after any breach by Franchisee or Default will not constitute a waiver of said breach or Default nor limit TAB's ability to fully exercise its rights under the Agreement.

21.3 FORCE MAJEURE. Neither Party will be liable for loss or damage or deemed to be in breach of the Agreement if such Party exercises its best efforts to perform its obligations hereunder and failure to perform such obligations results from (i) transportation, material, or energy shortages, or the voluntary

foregoing of the right to acquire or use any of the foregoing, in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any government or any department or agency thereof, (ii) compliance with any law, ruling, order, regulation, requirement, or instruction of any government or any department or agency thereof, (iii) acts of God, (iv) acts or omissions of the other party, (v) fire, strike, embargo, insurrection, war whether or not officially declared, or riot, (vi) acts of terrorism, or (vii) a pandemic. Any delay resulting from any of said causes will extend performance accordingly or excuse performance in whole or in part as may be necessary. Notwithstanding the foregoing, no Party will be excused from performance of their obligations pursuant to the Agreement due to a force majeure event described herein where the affected Party (i) assumed or should have assumed the risk of a force majeure event, (ii) caused the force majeure event through its own fault or negligence, or (iii) cannot otherwise perform its obligations under the Agreement due to a lack of funds.

21.4 CUMULATIVE RIGHTS. The rights and remedies of TAB hereunder are cumulative and no exercise or enforcement by TAB of any right or remedy hereunder will preclude the exercise or enforcement by TAB of any other right or remedy hereunder that TAB is entitled by law to enforce.

21.5 RIDER. If a state regulator requires an amendment to the Agreement, the amendment is attached hereto in a state law rider as Exhibit VII. TAB is not precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to the Agreement or to its rescission or termination.

21.6 SURVIVAL. All of Franchisee's obligations that expressly or by their nature survive the expiration, termination, transfer, or assignment of the Agreement will continue in full force and effect after and notwithstanding the expiration, termination, assignment, or transfer of the Agreement until they are satisfied in full or by their nature or express terms expire.

21.7 TIME FOR BRINGING ACTION. Any claim or action brought by Franchisee relating to or arising from the Agreement will be barred if not brought within one year of the occurrence of the circumstances giving rise to such claim or action or comes to Franchisee's attention or should reasonably have come to Franchisee's attention.

21.8 WAIVER OF JURY TRIAL. THE PARTIES HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

21.9 BINDING EFFECT. The Agreement is binding upon the Parties and their respective executors, administrators, heirs, successors, and permitted assigns.

21.10 TIME IS OF THE ESSENCE. Time is of the essence in the Agreement and in the performance of each term and provision hereof.

21.11 COUNTERPARTS. The Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and constitute one and the same instrument. The Agreement will become binding when one or more counterparts hereof, individually or taken together, bear the necessary signatures.

21.12 NOTICES. All notices, consents, requests, demands, and other communications hereunder are to be in writing, and are deemed to have been duly given or made (i) when delivered in person, (ii) five days after transmittal by first class certified or registered mail, (iii) in the case of express courier services, three days after delivery to the courier service with payment provided for, or (iv) if by facsimile, when sent and facsimile confirmation received, in each case addressed as follows:

If to TAB, to:                   TAB Boards International, Inc.  
11031 Sheridan Boulevard  
Westminster, Colorado 80020 USA  
Attention: Jason P. Zickerman, President and CEO  
Facsimile: (303) 839-0012

With copies to:                Accounting Department  
  Legal Department

If to Franchisee:                The address indicated on the first page of the Agreement

or to such other address or facsimile number as either Party may designate by notice to the other Party in accordance with the terms of this Section 21.12.

21.13 ENTIRE AGREEMENT. The terms contained herein, including all addenda, riders, and exhibits to the Agreement and all other agreements related to the relationship between the Parties, constitute the entire agreement between the Parties, and there are no representations, conditions, express, implied, or collateral warranties, inducements, promises, or agreements between the Parties not embodied herein other than those written disclosures required by law. Nothing in this or any related agreement is intended to disclaim the representations TAB made in TAB's Franchise Disclosure Document that TAB furnished to Franchisee. Except as otherwise provided herein including, without limitation, TAB's right to modify the provisions of the Operations Manual, no amendment to the Agreement is binding unless executed by both Parties. No amendment to the Agreement is binding upon TAB unless such amendment is executed on TAB's behalf by its Chief Executive Officer.

21.14 SEVERABILITY. If any provision of the Agreement is construed as or declared invalid, such decision will not affect the validity of any remaining provisions, each of which will remain in full force and effect as if the Agreement had been executed with such invalid portion eliminated. If any restriction contained in the Agreement is deemed too broad to be capable of enforcement, the arbitrator or the court is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in the Agreement including, without limitation, those relating to non-competition, will be interpreted and applied consistent with the requirements of reasonableness and equity.

21.15 AMBIGUITY. If any question of ambiguity relating to any provisions contained herein arises, there will not be any construction against the drafter of the Agreement.

21.16 HEADINGS AND REFERENCES. Headings and paragraph titles are for convenience of reference only and will not define, limit, or extend the scope or intent of the Agreement or any provision thereof. All terms and words used herein will be construed to include the number and gender as the context of the Agreement may require. Each section of the Agreement will be construed independently of any other section or provision of the Agreement. Any rights reserved to TAB may be exercised in its sole discretion unless specifically stated to the contrary.

21.17 BUSINESS JUDGMENT. Whenever TAB reserves discretion in a particular area or where TAB agrees to exercise its rights reasonably or in its sole determination, TAB will satisfy its obligations whenever TAB exercises its reasonable business judgment in making its decision or exercising its rights. TAB's decisions or actions will be deemed to be the result of reasonable business judgment even if other reasonable or even arguably preferable alternatives are available if TAB's decision or action is intended, in whole or significant part, to promote or benefit the TAB System generally even if the decision or action also promotes TAB's financial or other individual interest.

21.18 ATTORNEY-IN-FACT. Franchisee irrevocably appoints TAB as Franchisee’s true and lawful attorney for Franchisee, and in Franchisee’s name, place, and stead and on Franchisee’s behalf, TAB may take any necessary action to amend or terminate all registrations and filings, or to sign other documents required by Franchisee under the Agreement. This appointment is being coupled with an interest to enable TAB to protect the Licensed Methods.

21.19 COUNTERPARTS, FACSIMILE TRANSMISSIONS, AND ELECTRONIC SIGNATURES. The Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument. The Agreement will become effective when one or more counterparts have been signed by the Parties and delivered to the other Party. Facsimile transmissions of signed documents and electronic signatures will have the same full force and effect as originally executed documents.

**NOTE: Acceptance of the Agreement by TAB can only be made if executed by TAB’s Chief Executive Officer.**

**THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.**

IN WITNESS WHEREOF, the Parties have duly executed this TAB Boards International, Inc. Franchise Agreement as of the date that TAB accepts the Agreement.

TAB:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

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

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

**EXHIBIT I  
TO FRANCHISE AGREEMENT**

**ADDENDUM TO TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT**

This ADDENDUM TO TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT (the “**Addendum**”) to the TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”), by and between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and \_\_\_\_\_ (“**Franchisee**”), is made effective as of the date of the Agreement. To the extent not defined herein, all capitalized references in the Addendum will have the meanings as defined in the Agreement.

1. Protected Territory. The following ZIP codes in \_\_\_\_\_ constitute the Protected Territory:

As Franchisee becomes aware of any ZIP code changes in the Protected Territory, Franchisee will provide written notice of any such changes to TAB.

2. Franchise Classification. The franchise is:

- \_\_\_\_\_ An MM TAB Business Franchise.
- \_\_\_\_\_ An NMM TAB Business Franchise.
- \_\_\_\_\_ A Small TAB Business Franchise.

3. Marketing List. TAB will order Marketing Lists for the Protected Territory at a designated time prior to the start of Franchisee’s initial required Mass Marketing Campaign. Information contained in these Marketing Lists may contain overlapping entries or information that is not current. There may be prospects in the Protected Territory to whom Franchisee may market that are not included on these Marketing Lists. TAB assumes no responsibility for any omissions or errors. TAB relies on third party vendors to supply the data used to calculate total businesses and TAB has no control over the accuracy or changes to this data that may take place at any time. The total business calculations listed in the Agreement are the then-current figures obtained by TAB from third party vendors on a periodic basis at TAB’s sole discretion and these figures may change over time for reasons outside of TAB’s control.

The total business count and content of the Marketing Lists are final. The Marketing Lists and total business count are provided in “AS IS, WHERE IS” condition.

4. Training Program. Franchisee’s Initial Training Program will occur during the week of \_\_\_\_\_.

5. Start of Service Offering. The Start of Service Offering is \_\_\_\_\_.

NOTE: This date must be initialed by TAB’s CEO or Chairman to be effective \_\_\_\_\_.  
[CEO or Chairman’s initials]

6. Managing Party and Facilitator(s).

(a) Managing Party approved for Franchisee’s Business is \_\_\_\_\_.

(b) Facilitator(s) approved for the initial Boards Franchisee forms is \_\_\_\_\_.

7. Acknowledgment of Non-Competitive Activity. Prior to the Effective Date, Franchisee engaged in certain business consulting, coaching, or professional activities (collectively, the “**Activities**”) using methodology that is not the same as or materially similar to the Licensed Methods. The Activities will not constitute Competitive Activities as long as Franchisee does not continue the Activities using the Licensed Methods or methodology that is materially similar to the Licensed Methods.

8. Initial Term. The Initial Term of the Agreement is checked below and will commence on the Start of Service Offering:

\_\_\_\_\_ Seven (7) years.

\_\_\_\_\_ Ten (10) years.

TAB:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

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

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

**EXHIBIT II**  
**TO FRANCHISE AGREEMENT**  
**STATEMENT OF OWNERSHIP**

This STATEMENT OF OWNERSHIP is attached as Exhibit II to the TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”), by and between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and \_\_\_\_\_ (“**Franchisee**”), and defines Franchisee’s form of ownership and the parties that have an ownership interest in Franchisee.

1. Franchisee’s Name: \_\_\_\_\_.
2. Franchisee’s Form of Ownership: \_\_\_\_\_.
3. Franchisee’s State of Incorporation/Organization: \_\_\_\_\_.
4. Franchisee’s Date of Incorporation/Organization: \_\_\_\_\_.
5. Franchisee’s Management: \_\_\_\_\_.
6. Franchisee’s Ownership: \_\_\_\_\_.
7. Franchisee’s Managing Party as Defined in the Agreement: \_\_\_\_\_.

Franchisee will report any changes to the above information to TAB within ten business days prior to the date such changes take effect.

FRANCHISEE:

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

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

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

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

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

**EXHIBIT III  
TO FRANCHISE AGREEMENT**

**TAB BOARDS INTERNATIONAL, INC.  
GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of a TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_ (the "**Agreement**"), by TAB BOARDS INTERNATIONAL, INC. ("**TAB**") in favor of \_\_\_\_\_ ("**Franchisee**"), each of the undersigned ("**Guarantor(s)**") hereby personally and unconditionally guarantees to TAB, Affiliates, and their successors and assigns for the Term and thereafter that Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement. To the extent not defined herein, all capitalized references in this TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations (the "**Guarantee**") will have the meanings defined in the Agreement. Guarantor(s) will be personally and unconditionally bound by each and every undertaking, agreement, and covenant of Franchisee set forth in the Agreement. Guarantor(s) will personally comply with and abide by the non-competition provisions, other restrictive covenants, and non-disclosure provisions of the Agreement and by the provisions in the Agreement relating to trademarks, assignment, and transfer to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of Guarantor(s) will survive any expiration, transfer, or termination of the Agreement or the Guarantee.

Guarantor(s) waives the following:

- (a) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (c) Any right Guarantor(s) may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Guarantor(s) consents and agrees that:

- (a) Guarantor(s)'s direct and immediate liability as defined herein will be joint and several;
- (b) Guarantor(s) will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (c) Guarantor(s)'s liability will not be contingent or conditioned upon pursuit by TAB of any remedies against Franchisee or any other person; and
- (d) Guarantor(s)'s liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that TAB may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend the Guarantee that will irrevocably continue for the Term.



If TAB or Affiliates are required to enforce the Guarantee in any judicial proceeding or appeal thereof, Guarantor(s) will reimburse TAB and Affiliates for costs and expenses including, without limitation, reasonable fees for accountants, attorneys, attorney assistants, and expert witnesses, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce the Guarantee.

Guarantor(s) acknowledges that certain disputes relating to the Agreement will be resolved by arbitration and hereby consents to such arbitration in accordance with Section 18 of the Agreement. The terms contained in the Agreement, any applicable Addendum, and the Guarantee constitute the entire agreement between the parties relating to the Guarantee, and there are no representations, inducements, promises, or agreements between the parties not embodied herein.

IN WITNESS WHEREOF, Guarantor(s) has affixed Guarantor(s)'s signature to this TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations effective as of the same day and year as the Agreement was executed.

GUARANTOR(S):

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

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

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

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

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

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

**EXHIBIT IV  
TO FRANCHISE AGREEMENT**

**TAB BOARDS INTERNATIONAL, INC.  
CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS, ETC.**

In consideration of, and as an inducement to, the execution of the TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”), by and between TAB BOARDS INTERNATIONAL, INC. (“**Assignee**”) and \_\_\_\_\_ (“**Assignor**”), this TAB BOARDS INTERNATIONAL, INC. CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS, ETC. (the “**Assignment**”) is made and entered into on even date with the Agreement. To the extent not defined herein, all capitalized references in the Assignment will have the meanings as defined in the Agreement.

Pursuant to the terms of the Agreement and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, facsimile numbers, Internet website addresses and domain names, and other listing used or to be used by Assignor for the operation of Assignor’s Business. Assignee assumes the performance of all terms, covenants, and conditions of the telephone, directory, or other company with respect to any such listings with the same force and effect as if they had originally been issued to Assignee. The Assignment is valid on the effective date first set forth above and is irrevocable in all circumstances. Assignee may fill in, add, or change the effective date and the listings at any time. The telephone, directory, or other company involved with any such listings is hereby authorized by both Assignee and Assignor to rely on the Assignment. Both Assignee and Assignor will hold harmless and indemnify the telephone, directory, or other company involved with any such listings from any claims based on reliance on the Assignment.

ASSIGNEE:

ASSIGNOR:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

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

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

**EXHIBIT V  
TO FRANCHISE AGREEMENT**

**CLOSING ACKNOWLEDGMENT**

This CLOSING ACKNOWLEDGEMENT is attached as Exhibit V to the TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”), by and between TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and \_\_\_\_\_ (“**Franchisee**”), and must be completed before or at the same time Franchisee signs the Agreement. To the extent not defined herein, all capitalized references in this Closing Acknowledgment will have the meanings defined in the Agreement.

TAB representative for this transaction: \_\_\_\_\_.

A. The following are true and correct:

- \_\_\_\_\_ The date that I received TAB’s Franchise Disclosure Document.
- \_\_\_\_\_ The date I received a fully completed copy (other than signatures) of the Agreement.
- \_\_\_\_\_ The earliest date that I signed the Agreement or any other binding document (not including the receipt for TAB’s Franchise Disclosure Document).
- \_\_\_\_\_ The earliest date that I delivered cash, check, or other monetary consideration to a TAB salesperson or representative.

B. Acknowledgement and Representations. Franchisee and TAB are entering into the Agreement for the operation of Franchisee’s Business. The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you as the representative of Franchisee that TAB has not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you or Franchisee by reason of the offer and sale of Franchisee’s Business. Please confirm that the following statements are true:

1. I received a copy of TAB’s Franchise Disclosure Document with all exhibits and attachments at least (a) 14 days before the execution of the Agreement or any other agreement or payment of any consideration, or (b) if you are a resident of Iowa, at the earlier of the first personal meeting or 14 days before the execution of the Agreement or any other agreement or payment of any consideration, or (c) if you are a resident of New York, Oklahoma, or Rhode Island, at the earlier of the first personal meeting or ten business days before the execution of the Agreement or any other agreement or payment of any consideration, or (d) if you are a resident of Michigan, Oregon, or Washington, ten business days before the execution of any binding agreement or payment of any consideration.

2. I have studied and carefully reviewed TAB’s Franchise Disclosure Document and the Agreement.

3. The names, addresses and phone numbers of TAB’s employees or representatives who were involved in offering the franchise for Franchisee’s Business are listed on the receipt for TAB’s Franchise Disclosure Document that you signed or on an updated receipt TAB provided to you.

4. You understand that the Agreement contains the entire agreement between Franchisee and TAB concerning the franchise for Franchisee’s Business and that any prior oral or written statements not included in the Agreement or TAB’s Franchise Disclosure Document will not be binding.

5. You understand that the success or failure of Franchisee’s Business will depend in large part upon your skills and experience, your business acumen, your local market, the economy, inflation, and other economic and business factors.

6. You understand that the franchise for Franchisee’s Business is for the right to operate a Business only in the Protected Territory, that there may be pre-existing Businesses operating in the Protected Territory with no marketing or protected territory rights, and that TAB or Affiliates have the right to issue franchises or operate competing businesses at locations near the Protected Territory.

7. You understand that you are bound by the non-competition covenants (both in-term and post-term) listed in Section 14 of the Agreement, that an injunction is an appropriate remedy to protect the interests of the TAB System if you violate these covenants, and that the term “you” for the purposes of such covenants is defined broadly and any actions in violation of the covenants by those holding any interest in Franchisee, including you, may result in an injunction, default, or termination of the Agreement.

8. You have had ample opportunity to seek professional advice regarding TAB’s Franchise Disclosure Document and the Agreement.

9. No oral, written, or visual claim, guarantee, assurance, representation, promise, agreement, contract, commitment, understanding, or otherwise was made to you that contradicted the disclosures in TAB’s Franchise Disclosure Document or the Agreement.

10. No oral, written, or visual claim, guarantee, assurance, promise, commitment, or representation was made to you by an employee or other person speaking on TAB’s behalf that stated, suggested, predicted, or projected sales, income, expenses, cash flow, tax effects, performance, or profit levels for Franchisee’s Business.

11. No employee or other person speaking on TAB’s behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in TAB’s Franchise Disclosure Document or that is contrary to or different from the information in TAB’s Franchise Disclosure Document.

12. No employee or other person speaking on TAB’s behalf made any promise, agreement, contract, commitment, representation, guarantee, assurance, “side deal,” or other arrangement with you with respect to any matter including, without limitation, any representations or promises regarding operational assistance, advertising, or marketing the Protected Territory, or other services.

13. You are not relying in any way on any promise, agreement, contract, commitment, representation, guarantee, assurance, “side deal,” or other arrangement except as explicitly set forth in the Agreement, or a written addendum or exhibit thereto, signed by Franchisee and TAB.

If any of the statements above are not true, please explain (attach additional sheets if necessary):

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO TAB AND THAT TAB WILL RELY ON THEM. BY SIGNING THIS CLOSING ACKNOWLEDGMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, PLEASE CONTINUE ON A SEPARATE SHEET AND ATTACH.

TAB does not make or endorse any TAB franchisee or other individual to make or endorse any representations, warranties, projections, or disclosures of any type of any financial information, data, or results with respect to Franchisee's proposed franchise or any other franchise, whether regarding sales, income, expenses, profits, cash flow, tax effects, or otherwise, made on behalf of or for TAB, any TAB franchisee, or other individual, and expressly disclaims any such financial information, data, or results. If any such representations have been made to you by any person, immediately inform an officer of TAB.

TAB does not permit any promises, agreements, contracts, commitments, representations, understandings, "side deals," or otherwise, or variations or changes in or supplements to the Agreement except by means of a written amendment signed by Franchisee and an officer of TAB.

You understand and agree to all of the foregoing.

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

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

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

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

\_\_\_\_\_  
[NAME], individually

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


**EXHIBIT VI  
TO FRANCHISE AGREEMENT**

**STATE LAW RIDER**

(if applicable)

**EXHIBIT VII  
TO FRANCHISE AGREEMENT**

**TRADEMARKS**

TRADEMARK

STRATEGIC BUSINESS LEADERSHIP
STRATPRO
TAB
TAB BOARDS
TAB BUSINESS VANTAGE
THE ALTERNATIVE BOARD
THE ALTERNATIVE BOARD TAB
TIPS FROM THE TOP
WHAT EVERY BUSINESS OWNER NEEDS TO KNOW ABOUT...

**EXHIBIT C**

**TAB BOARDS INTERNATIONAL, INC.  
CRM SYSTEM USE AGREEMENT**



**TAB BOARDS INTERNATIONAL, INC.  
CRM SYSTEM USE AGREEMENT**

This TAB BOARDS INTERNATIONAL, INC. CRM SYSTEM USE AGREEMENT (the “**Agreement**”) is entered into by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation located at 11031 Sheridan Boulevard, Westminster, Colorado 80020 (“**TAB**”), and the undersigned franchisee (“**Franchisee**”). TAB and Franchisee will sometimes be individually referred to as a “**Party**,” and collectively referred to as the “**Parties**.”

RECITALS

WHEREAS, the Parties entered into a franchise agreement or independent associate agreement (the “**Franchise Agreement**”) pursuant to which Franchisee operates a TAB business as described in the Franchise Agreement (the “**Business**”);

WHEREAS, TAB has a license and right to sub-license a customer relationship management system (the “**CRM System**”) through a third-party vendor under a Master Subscription Agreement between TAB and the third-party vendor;

WHEREAS, Franchisee desires to use the CRM System in the Business and TAB desires to grant Franchisee the right to use the CRM System in the Business in accordance with the terms of the Agreement and the Master Subscription Agreement; and

WHEREAS, all capitalized terms not defined in the Agreement have the meaning set out in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the Parties agree as follows.

1. CRM System Use. TAB hereby grants Franchisee a non-exclusive sublicense to use the CRM System only in the Business for the period described in Sections 2 and 3. The sublicense is nontransferable and subject to the terms and conditions set out in the Master Subscription Agreement located at <https://www.pipedrive.com/en/terms-of-service>.

2. Use Period. The sublicense will commence on the Effective Date set out in Section 8(e) for a one-year period (the “**Period**”) and will automatically renew for additional one year periods on December 31 of each year (each, a “**Renewal Period**”). Notwithstanding the foregoing, the Period will automatically expire on December 31 of any year during which Franchisee voluntarily or involuntarily ceases to operate the Business.

3. Term and Termination. The term of the Agreement will extend from the Effective Date until the earliest of:

(a) Expiration of the Period. Upon expiration of the Period, so long as Franchisee is not in default of the Agreement and operating the Business, the Agreement will automatically renew for successive Renewal Periods. If Franchisee voluntarily or involuntarily ceases to operate the Business, the Agreement will expire on December 31 of the year during which Franchisee ceases to operate the Business;

(b) Termination by TAB. If Franchisee is in default of the Franchise Agreement past all applicable cure periods or if Franchisee is in default of the Agreement and fails to cure such default within ten days from the date of TAB's written notice; or

(c) Third Party Termination. If the Master Subscription Agreement is terminated.

4. CRM System License Fee. Franchisee will pay TAB an annual license fee in the amount of \$250.00 (the "**License Fee**"). The License Fee will be due and payable within ten calendar days of the date of an invoice sent by TAB. If the License Fee is not received within the ten calendar day period, the License Fee will be deducted from Amounts Collected on Franchisee's Behalf. If the Agreement is terminated prior to the expiration of the Period or any Renewal Period, Franchisee will pay the full amount of the License Fee for the remaining balance of the Period or any Renewal Period. A new License Fee in the then-current amount will be charged for each Renewal Period.

5. Training and Technical Support. TAB will make tutorials available to Franchisee on the CRM System at such dates and times as scheduled by TAB. TAB may also provide reasonable technical support via telephone and email, in TAB's determination, on TAB-specific customization to the CRM System during TAB's regular business hours. Franchisee may receive additional technical support from the third-party vendor of the CRM System to the extent available from such third-party vendor.

6. Warranties. The CRM System, training and technical support is provided in "AS IS, WHERE IS" condition. TAB MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES AS TO MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE, RELATING TO THE CRM SYSTEM.

7. Liability. TAB will not be liable for any special, indirect, incidental, or consequential damages arising from the Agreement or any negligence. In no event will TAB's liability under the Agreement exceed the CRM System License Fee paid by Franchisee. Franchisee acknowledges that the CRM System is a third-party product. TAB has no liability arising from any damages to Franchisee's computer or data caused by installation or use of the CRM System.

8. General Provisions.

(a) Miscellaneous Provisions. The Miscellaneous Provisions set out in the Franchise Agreement are incorporated herein by reference.

(b) Governing Law. The Agreement and the rights and obligations of the Parties hereunder will be governed by, construed, and enforced in accordance with the laws of Colorado regardless of the choice of law rules of such state or any other jurisdiction. All disputes arising from the Agreement will be subject to the dispute resolution provisions in the Franchise Agreement. Franchisee submits to personal and exclusive jurisdiction and venue in Colorado.

(c) Assignment. Franchisee may not assign Franchisee's rights under the Agreement without prior written approval from TAB.

(d) No Changes. All of the terms, conditions, and provisions of the Franchise Agreement remain in full force and effect as originally written and signed.

(e) Effective Date. The Effective Date of the Agreement is \_\_\_\_\_.  
[to be completed by TAB]

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this TAB Boards International, Inc. CRM System Use Agreement as of the date that TAB accepts the Agreement.

TAB:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

\_\_\_\_\_  
a \_\_\_\_\_

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

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

## EXHIBIT D

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**EXHIBIT E**

**LIST OF FRANCHISEES AS OF THE DATE  
OF THIS FRANCHISE DISCLOSURE DOCUMENT**

**UNITED STATES**

<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
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<b>CALIFORNIA</b>		
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<b>COLORADO</b>		
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	Philip Bowers	9492 East Louisiana Avenue Denver, CO 80247 (303) 910-0619 philipbowers@spectrummanage.com
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<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
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<b>GEORGIA</b>		
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STATE	NAME	CONTACT INFORMATION
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<b>HAWAII</b>		
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STATE	NAME	CONTACT INFORMATION
<b>MARYLAND</b>		
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NEW JERSEY		
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<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
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<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
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#### CANADA

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PROVINCE	NAME	CONTACT INFORMATION
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**EXHIBIT F**

**FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF THE DATE OF THIS FRANCHISE DISCLOSURE DOCUMENT OR WHO HAVE NOT COMMUNICATED WITHIN TEN WEEKS OF THE DATE OF THIS FRANCHISE DISCLOSURE DOCUMENT**

**UNITED STATES**

<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
<b>ALABAMA</b>		
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<b>KANSAS</b>		
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<b>NORTH CAROLINA</b>		
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<b>OHIO</b>		
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<b>PENNSYLVANIA</b>		
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<b>STATE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
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**CANADA**

<b>PROVINCE</b>	<b>NAME</b>	<b>CONTACT INFORMATION</b>
<b>BRITISH COLUMBIA</b>		
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If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT G**  
**AUDITED FINANCIAL STATEMENTS**

**TAB Boards International, Inc. and Subsidiary**  
**dba The Alternative Board**

Financial Statements As Of December 31, 2023, 2022  
And 2021

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors



**INDEPENDENT AUDITORS' REPORT**

To Management and the Stockholders of TAB Boards International, Inc.  
and Subsidiary dba The Alternative Board:

**Opinion**

We have audited the accompanying consolidated financial statements of TAB Boards International, Inc. and Subsidiary dba The Alternative Board (collectively referred to as the "Company"), which comprise the consolidated balance sheets as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TAB Boards International, Inc. and Subsidiary dba The Alternative Board as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 opinion.

**Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

*Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*  
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

Independent Auditors' Report (Continued)**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

We are required to communicate to 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.

*JDS Professional Group*

March 22, 2024

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Consolidated Balance Sheets  
As Of December 31, 2023, 2022, and 2021

Page -3-

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets:			
Cash	\$ 628,850	\$ 449,521	\$ 1,393,924
Restricted cash	49,492	76,351	5,441
Short-term investments	1,180,067	1,476,660	1,063,810
Accounts receivable	955,415	630,884	354,842
Allowance for doubtful accounts	<u>(500,849)</u>	<u>(234,706)</u>	<u>(119,889)</u>
Accounts receivable, net	454,566	396,178	234,953
Notes receivable, current portion	35,922	37,798	17,489
Prepaid commissions	174,438	205,741	241,734
Prepaid and other assets	<u>52,736</u>	<u>39,000</u>	<u>27,281</u>
Total Current Assets	<u>2,576,071</u>	<u>2,681,249</u>	<u>2,984,632</u>
Non-current Assets:			
Property and equipment, net	620,942	560,878	361,318
Intangible assets, net		25,786	51,572
Right-of-use asset, net	1,065,222	1,435,545	
Notes receivable - related parties	1,158	1,043	2,519
Notes receivable, net of current portion and allowance	8,906	88,854	59,094
Prepaid commissions, net of current portion	<u>604,405</u>	<u>779,018</u>	<u>1,026,796</u>
Total Non-Current Assets	<u>2,300,633</u>	<u>2,891,124</u>	<u>1,501,299</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,876,704</u></u>	<u><u>\$ 5,572,373</u></u>	<u><u>\$ 4,485,931</u></u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities:			
Accounts payable	799,860	890,626	880,881
Line of credit payable	200,000		
Current portion of long-term debt	8,567	15,143	17,306
Deferred revenue	662,953	702,305	716,543
Accrued expenses	649,070	529,964	386,592
Lease liability	<u>169,975</u>	<u>174,773</u>	
Total Current Liabilities	<u>2,490,425</u>	<u>2,312,811</u>	<u>2,001,322</u>
Non-current liabilities			
Long-term debt, net of current portion	14,179	22,461	11,827
Deferred revenue, net of current portion	2,057,170	2,503,853	3,086,367
Lease liability, net of current portion	<u>840,588</u>	<u>1,225,893</u>	
Total Non-Current Liabilities	<u>2,911,937</u>	<u>3,752,207</u>	<u>3,098,194</u>
Total Liabilities	<u>5,402,362</u>	<u>6,065,018</u>	<u>5,099,516</u>
Stockholders' Equity:			
Common stock - no par value, 6,000,000 shares authorized; 1,980,000 shares issued and outstanding	7,412	7,412	7,412
Retained earnings	(643,609)	(794,687)	(605,052)
Accumulated other comprehensive income	<u>110,539</u>	<u>294,630</u>	<u>(15,945)</u>
Total Stockholders' Equity	<u>(525,658)</u>	<u>(492,645)</u>	<u>(613,585)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 4,876,704</u></u>	<u><u>\$ 5,572,373</u></u>	<u><u>\$ 4,485,931</u></u>

The accompanying notes are an integral part of the financial statements.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY**  
**DBA THE ALTERNATIVE BOARD**

Consolidated Statements of Income and Comprehensive Income  
For the Years Ended December 31, 2023, 2022, and 2021

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:			
Franchise royalties and fees	\$ 3,814,188	\$ 3,924,045	\$ 3,767,364
Initial franchise and training fees	1,872,481	1,790,875	2,715,481
PPP loan forgiveness			468,300
Other revenue	399,284	467,053	591,293
Marketing development revenue	419,061	371,117	385,791
Total Revenue	<u>6,505,014</u>	<u>6,553,090</u>	<u>7,928,229</u>
Operating Expenses:			
General and administrative	3,931,976	4,343,925	4,220,614
Marketing, membership development, commissions and other direct expenses	1,206,824	988,604	1,569,650
Marketing development expense	453,073	383,500	379,105
Depreciation and amortization	258,263	207,161	194,137
Royalties, related party	60,000	60,000	60,000
Total Expenses	<u>5,910,136</u>	<u>5,983,190</u>	<u>6,423,506</u>
Operating Income	594,878	569,900	1,504,723
Other Income (Expense):			
Insurance proceeds	16,113		
Interest income	54,593	19,912	11,439
Interest expense	(14,506)	(4,447)	(1,498)
Total Other Income	<u>56,200</u>	<u>15,465</u>	<u>9,941</u>
Consolidated Net Income	651,078	585,365	1,514,664
Other Comprehensive Income:			
Foreign currency translation adjustment	(184,091)	310,575	77,306
<b>Comprehensive Income</b>	<u>\$ 466,987</u>	<u>\$ 895,940</u>	<u>\$ 1,591,970</u>

The accompanying notes are an integral part of the financial statements.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY**  
**DBA THE ALTERNATIVE BOARD**

Statements Of Stockholders' Equity

For The Years Ended December 31, 2023, 2022 and 2021

Page -5-

	Common Stock	Advances to Stockholders	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance - December 31, 2020	\$ 7,412	\$ (89,573)	\$ (338,773)	\$ (93,251)	\$ (514,185)
Net income			1,514,664		1,514,664
(Advances) distributions to stockholders, net		89,573	(1,780,943)		(1,691,370)
Other comprehensive income				77,306	77,306
Balance - December 31, 2021	7,412	-	(605,052)	(15,945)	(613,585)
Net income			585,365		585,365
(Advances) distributions to stockholders, net			(775,000)		(775,000)
Other comprehensive income				310,575	310,575
Balance - December 31, 2022	7,412	-	(794,687)	294,630	(492,645)
Net income			651,078		651,078
(Advances) distributions to stockholders, net			(500,000)		(500,000)
Other comprehensive income				(184,091)	(184,091)
Balance - December 31, 2023	\$ 7,412	\$ -	\$ (643,609)	\$ 110,539	\$ (525,658)

The accompanying notes are an integral part of the financial statements.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Consolidated Statements Of Cash Flows

For The Years Ended December 31, 2023, 2022 and 2021

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	2023	2022	2021
Cash flows from operating activities:			
Net income	\$ 651,078	\$ 585,365	\$ 1,514,664
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debt expense			50,000
Depreciation and amortization	258,263	207,161	194,137
Amortization of right-of-use asset	370,323	127,099	
Forgiveness of PPP loan			(468,300)
Provision for doubtful accounts	255,607	83,611	29,373
Changes in operating assets and liabilities:			
Accounts receivable	(324,531)	(276,041)	(72,335)
Prepaid and other assets	192,181	272,052	265,614
Accounts payable	(90,767)	9,746	15,611
Accrued expenses	119,106	143,372	64,779
Deferred revenue	(486,035)	(596,752)	(462,199)
Lease liability	(390,103)	(161,979)	
Net cash provided by operating activities	<u>555,122</u>	<u>393,634</u>	<u>1,131,344</u>
Cash flows from investing activities:			
Purchases of property and equipment	(292,541)	(380,934)	(195,997)
Purchases of investments	(1,180,067)	(1,476,660)	(1,063,810)
Sales of investments	1,476,660	1,063,810	813,436
Payments received on notes receivable	164,497	87,289	105,606
Issuance of notes receivable	(72,137)	(106,154)	
Net cash provided by (used in) investing activities	<u>96,412</u>	<u>(812,649)</u>	<u>(340,765)</u>
Cash flows from financing activities:			
Proceeds from line of credit	6,330,000	2,215,000	50,000
Payments on line of credit	(6,130,000)	(2,215,000)	(50,000)
Payments from (to) related parties	(115)	1,476	305
Payments on notes payable	(14,858)	(18,033)	(23,979)
Proceeds from notes payable		26,504	
Distributions, net	(500,000)	(775,000)	(1,691,370)
Net cash (used in) financing activities	<u>(314,973)</u>	<u>(765,053)</u>	<u>(1,715,044)</u>
Effect of Exchange Rate Changes on Cash	(184,091)	310,575	
<b>Net increase (decrease) in Cash</b>	152,470	(873,493)	(924,465)
Cash - Beginning of year	<u>525,872</u>	<u>1,399,365</u>	<u>2,323,830</u>
<b>Cash - End of Year</b>	<u>\$ 678,342</u>	<u>\$ 525,872</u>	<u>\$ 1,399,365</u>
Consolidated Balance Sheets Classification of Cash			
Cash	\$ 628,850	\$ 449,521	\$ 1,393,924
Restricted Cash	49,492	76,351	5,441
Total Cash	<u>\$ 678,342</u>	<u>\$ 525,872</u>	<u>\$ 1,399,365</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	<u>\$ 14,506</u>	<u>\$ 4,447</u>	<u>\$ 1,498</u>

The accompanying notes are an integral part of the financial statements.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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(1) **Description Of The Business**

TAB Boards International, Inc. dba The Alternative Board (collectively the “Company”) was incorporated on January 2, 1996 as IHTAB, inc. During 2002, the Company changed its name to TAB Boards International, Inc. to reflect its continuing efforts to expand into international markets. Using proprietary methods, the Company has become a leading international provider of peer advisory and coaching solutions to leaders in privately held businesses.

On August 25, 1997, the Company formed a wholly owned subsidiary, IHTAB-Canada Ltd., in the providence of Alberta. This entity began operations in 1998 to support the overall franchising opportunities in Canada. On June 8, 2004, the subsidiary changed its province of incorporation to Nova Scotia and changed its name to TAB Boards International (Canada), Inc. During 2006, the subsidiary changed its name to TAB Boards International (Canada) Corporation (the “Subsidiary”). The Company has continued to expand internationally and currently operates in 24 countries.

During 2015, Allen Training Centers, Inc. was formed, and provides programs to improve the impact of executives and other managers by increasing their knowledge, skills and abilities.

The following table summarizes the franchise activity for TAB’s overall system for the year ended December 31 as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises at the beginning of the year	347	362	337
Franchises sold and operational	55	41	71
Franchises closed	<u>(60)</u>	<u>(56)</u>	<u>(46)</u>
Franchises at the end of year	<u>342</u>	<u>347</u>	<u>362</u>

**International Sales**

Revenue by geographic area for the year ended December 31 is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
North America	\$ 4,063,022	\$ 4,387,430	\$ 5,628,423
International	<u>2,441,992</u>	<u>2,165,660</u>	<u>2,299,806</u>
Total	<u>\$ 6,505,014</u>	<u>\$ 6,553,090</u>	<u>\$ 7,928,229</u>

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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(2) **Summary Of Significant Accounting Policies**

**Basis of Presentation**

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiary, TAB Boards International (Canada) Corporation as well as Allen Training Centers, Inc. (“ATC”). All material intercompany accounts and transactions have been eliminated in consolidation.

**Recently Adopted Accounting Standards**

On January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (ASC 326) and all related subsequent amendments thereto using the modified retrospective approach. Results for the reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and notes receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption did not have an impact to the consolidated financial statements for the year ended December 31, 2023.

In 2022, the Company adopted ASU No. 2016-02, *Leases*, which required lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The Company elected not to restate the comparative periods (2021 and 2020). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Company recognized a right-of-use asset and a lease liability of \$1,562,644, in its balance sheet as of January 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of operations for the year ended December 31, 2022.



**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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Estimates

The preparation of consolidated financial statements in conformity with accounting principals generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency

The assets and liabilities of the Company’s foreign subsidiary are translated from their functional currency, the Canadian dollar, into U.S. dollars at the rates in effect at the consolidated balance sheet’s date. Revenue and expense transactions are translated into U.S. dollars using the average rate prevailing during the month of the related transaction. The Company records translation gains and losses in accumulated other comprehensive income (loss) as a component of stockholders’ equity. Foreign currency gains and losses are included in net income.

Cash and Restricted Cash

The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in accounts with financial institutions in excess of federal and foreign insured limits. As of December 31, 2023, the Company held deposits of \$282,940 that exceeded federal and foreign insured limits.

Restricted cash relates to cash franchisees contribute to the Company’s marketing development fund. Cash contributed by franchisees to the marketing development fund is to be used in accordance with the Franchise Disclosure Document with a focus on marketing and advertising.

For purposes of the statement of cash flows, cash includes cash on hand and demand deposit accounts. The Company considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. As of December 31, 2023, 2022 and 2021, there were no cash equivalents.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Significant noncash transactions</u>			
Advances to stockholders paid in the form of distributions	\$ 399,497	\$ 557,051	\$ 98,548
Accrued distributions	380,360	279,857	126,452
Note payable issued for the purchase of vehicle		26,504	
<u>Cash paid for amounts included in the measurement of lease liabilities</u>			
Operating cash outflows from operating leases	\$ 186,414	\$ 185,920	\$

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
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Short-term Investments

Short-term investments consist of one-year cashable guaranteed investment contracts. As of December 31, 2023, 2022 and 2021, the carrying value represented the cost plus accrued interest for a balance of \$1,180,067, \$1,476,660, and \$1,063,810, respectively, which approximates fair value. The investments mature at various times throughout 2022-2024 and bear interest at various rates from 3.25 percent to 5.2 percent. Current contracts expire in November 2024.

Receivables

Accounts receivable and notes receivable consist of amounts invoiced to franchises and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Company separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet dates, the Company develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions and based on a specific assessment of the creditworthiness of the franchise. As of December 31, 2023, the loss rate applied to outstanding balances between 0-90 days was 10% while greater than 90 days was 100%. The loss rate applied to all outstanding notes receivable balances was 10%. As of December 31, 2023, there was no adjustment to the loss rate. All amounts deemed to be uncollectible are charged against the allowance for credit losses in the period that expected determination is made. The allowance for credit losses on accounts receivable balances was \$500,849, \$234,706, and \$119,889 for the years ended December 31, 2023, 2022 and 2021, respectively.

Changes in the allowance for credit losses for the year ended December 31, 2023, were as follows:

	<u>2023</u>
Balance, beginning of year	\$ 234,706
Provisions	266,143
Write-offs, net of recoveries	
Balance, end of the year	<u>\$ 500,849</u>

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives for owned assets, ranging from three to ten years, and leasehold improvements are depreciated over the lesser of their useful lives or the lease term. Costs of maintenance and repairs are charged to expense when incurred.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. No impairment charge was recognized during the years ended December 31, 2023, 2022, and 2021.

<u>Intellectual Property</u>	<u>Useful Life - Years</u>
TAB System	15
The Alignment Factor (TAF)	10
Tips from the Top	15

Revenue And Revenue Recognition

*Franchise Royalties, Fees and Related Franchise Costs*

Pursuant to the current franchise agreements, franchisees are required to pay business assessment fees, royalty or opportunity fees, and member administration and support fees. All fees are recognized when earned. Related costs are deferred and are expended when the revenue is recognized.

*Initial Franchise And Training Fees*

Initial franchise fees are recorded as deferred revenue and recognized over the term of the franchise agreement, typically 7 or 10 years. Fifty percent of the initial training fee is recognized as revenue when received as the initial training is mandatory prior to commencing franchise operations. The remaining fifty percent of the initial training fee is recognized over the term of the franchise agreement as the performance obligation is satisfied by the Company through ongoing annual field service training.

*Master Franchise Agreement*

The master franchise agreement (the “Master Agreement”) provides a nonexclusive right to sell and open franchises in a defined geographic territory and requires the master franchisor to be responsible for advertising, soliciting, screening, and approving prospective franchisees in the defined territory. The Master Agreement also requires the master franchisor to sell and start operations of a minimum number of new franchises per year of the Master Agreement can be terminated. Additionally, the master franchisor will pay the Company an agreed-upon royalty percentage, as defined in the Master Agreement. The Master Agreement is for a period of 10 years, with the option to extend for an additional 20 years.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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*Marketing Campaign Revenue and Expenses*

Marketing campaign revenue is recognized ratably as the related costs are incurred.

*Marketing Development Revenue*

A marketing development fee is due monthly from each franchisee pursuant to the franchise agreement. Revenue and expenses are recognized in equal amounts as marketing development expenses are incurred. Marketing development expenses are used to promote brand awareness, which enhances member lead generation, and include but are not limited to creating and testing direct response materials, media relations, advertising, and promotional marketing materials. If amounts collected from franchisees exceed the amounts expended, the balance is recognized in deferred revenue.

Advertising Expenses

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2023, 2022 and 2021 was \$169,269, \$172,032 and \$322,513, respectively.

Leases

The Company determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Company does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Leasing Entities Under Common Control*

The Company leases its office building from an entity under common control. The Company has elected to apply the private company accounting alternative for common control leasing arrangements, as developed by the Private Company Council. Under the accounting alternative, the Company is not required to evaluate whether the leasing entity is a variable interest entity subject to consolidation by the Company. Information about the assets being leased, guarantee and collateral arrangements provided by the Company, and other information about the leasing entity are presented in Note 10.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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Prior Year Financial Information

Certain comparative information for the years ending December 31, 2022 and 2021, has been reclassified to conform to the current year presentation.

Subsequent Events

The Company has performed an evaluation of subsequent events through March 22, 2024, which is the date the consolidated financial statements were available to be issued, and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

(3) Income Taxes

The Company is treated as a S Corporation for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the tax returns of the stockholders and taxed depending on their respective tax status. Therefore, the consolidated financial statements do not reflect a provision for income taxes. TAB Boards International (Canada) Corporation files a separate return with the Canada Revenue Agency.

The Company follows *Accounting for Uncertainty in Income Taxes* accounting standard, which requires the Company to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended December 31, 2023, 2022 and 2021, the Company's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax status.

The Company is subject to U.S. tax audits on its Federal Forms 1065 and state return by taxing authorities for years prior to 2020 and 2019, respectively. Such return contains matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, additional income tax, if any, would be imposed on the stockholder rather than the Company. Accordingly, there would be no effect the accompanying consolidated financial statements.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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(4) **Notes Receivable**

Notes receivable for the years ended December 31, 2023, 2022 and 2021, are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Six, seven and seven, respectively, notes receivable from franchisees bearing interest between 0 and 10 percent and guaranteed by the franchisees. Monthly payments range from \$0 to \$8,291 with maturity dates ranging from January 1, 2022 through August 1, 2024.	\$ 39,809	\$ 97,067	\$ 74,145
One, two and one, respectively, notes receivable from master franchises bearing interest at 0 percent, collateralized by the master franchise agreement, and personally guaranteed by the franchisee. Payments are due at note maturity between December 31, 2022 and April 16, 2024.	10,000	45,102	49,160
Total Notes Receivable	<u>49,809</u>	<u>142,169</u>	<u>123,305</u>
Less: current portion	35,922	37,798	17,489
Less: allowance for credit losses	4,981	15,517	46,722
Long-term portion	<u>\$ 8,906</u>	<u>\$ 88,854</u>	<u>\$ 59,094</u>

The Company has not reflected a discount on its notes receivable issued with 0 percent interest, as it would not be material. The Company reserves an allowance for doubtful collections. The provision for uncollectible amount is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible accounts and is determined by estimating the collectability of each individual note balance on an ongoing basis.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY**  
**DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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(5) **Property And Equipment And Right-Of-Use Assets**

Property and equipment and right-of-use assets for the years ended December 31, 2023, 2022 and 2021, are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Media	\$ 62,412	\$ 82,250	\$ 65,613
Transportation equipment	130,768	130,768	104,264
Furniture, fixtures and equipment	51,979	64,960	47,730
Computer equipment and software	<u>1,111,099</u>	<u>932,649</u>	<u>612,085</u>
Total Cost	1,356,258	1,210,627	829,692
Accumulated, depreciation and amortization	<u>735,316</u>	<u>649,749</u>	<u>468,374</u>
Net Property and Equipment	<u>\$ 620,942</u>	<u>\$ 560,878</u>	<u>\$ 361,318</u>
Right-of-use asset - building operating lease	\$ 1,174,104	\$ 1,562,644	
Accumulated amortization	<u>(108,882)</u>	<u>(127,099)</u>	
Net Right-of-Use Asset	<u>\$ 1,065,222</u>	<u>\$ 1,435,545</u>	<u>\$</u>

(6) **Intangible Assets**

The Company's intangible assets for the years ended December 31, 2023, 2022 and 2021, are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Intellectual property/Proprietary systems:			
Tips from the Top	\$ 37,000	\$ 37,000	\$ 37,000
TAB system	132,785	132,785	132,785
The Alignment Factor (TAF)		<u>257,859</u>	<u>257,859</u>
Total Intangible Assets	<u>169,785</u>	<u>427,644</u>	<u>427,644</u>
Less: accumulated amortization	<u>(169,785)</u>	<u>(401,858)</u>	<u>(376,072)</u>
Total	<u>\$</u>	<u>\$ 25,786</u>	<u>\$ 51,572</u>

Amortization expense for intangible assets totaled \$25,786 for each of the years ended December 31, 2023, 2022 and 2021.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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(7) **Deferred Revenue**

The following table provides information about significant changes in deferred revenue due to the effect of adopting ASC 606 on contract fees for the year ended December 31,:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 3,206,158	\$ 3,802,910	\$ 4,265,109
Revenue recognized that was included in deferred revenue at the beginning of the year	(891,003)	(1,081,321)	(1,507,896)
Revenue recognized during the year	(780,614)	(649,922)	(959,428)
Increase in deferred revenue due to cash received during the year	<u>1,185,582</u>	<u>1,134,491</u>	<u>2,005,125</u>
	<u>\$ 2,720,123</u>	<u>\$ 3,206,158</u>	<u>\$ 3,802,910</u>

During the years ended December 31, 2023, 2022 and 2021, the amount of services that were recognized over time amounted to \$1,084,146, \$1,219,465 and \$1,911,288, respectively; and recognized at a point in time amounted to \$587,471, \$511,778 and \$556,036, respectively.

(8) **Line Of Credit**

The Company maintains a \$750,000 line of credit agreement with interest accrued at the prime rate less 0.5 percent (8 percent as of December 31, 2023) and a maturity date of June 1, 2024. The line of credit is collateralized by substantially all assets of the Company, guaranteed by the majority stockholder of the Company, and subject to certain financial covenants. As of December 31, 2023, \$200,000 was outstanding. There was no balance outstanding on the line of credit as of December 31, 2022 and 2021.

(9) **Long-Term Debt**

On April 14, 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$468,300 (the "PPP Loan"). The PPP Loan was forgiven during the year ended December 31, 2021, and is reflected as PPP loan forgiveness on the consolidated statements of income and comprehensive income.



**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
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Notes To Consolidated Financial Statements  
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Long-term debt for the years ended December 31, 2023, 2022 and 2021 consists of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Note payable to a bank in monthly installments of \$508 including interest at 5.54%. The note is collateralized by a vehicle and is due on June 1, 2027.	\$ 19,294	\$ 24,176	\$
Note payable to a bank in monthly installments of \$859 including interest at 3.49%. The note is collateralized by a vehicle and is due on April 1, 2024.			6,080
Note payable to a bank in monthly installments of \$1,263, including interest at 4.86%. The note is collateralized by a vehicle and is due on June 1, 2022.	<u>3,451</u>	<u>13,428</u>	<u>23,053</u>
Total notes payable	<u>\$ 22,745</u>	<u>\$ 37,604</u>	<u>\$ 29,133</u>

Maturities of long-term debt obligations for the years ended are as follows:

<u>For the years ending December</u>	
2024	\$ 8,567
2025	5,449
2026	5,759
2027	2,970
	<u>\$ 22,745</u>

(10) **Leases**

The Company evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Company's right to use the underlying asset for the lease term, and the lease liability represents the Company's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. The Company made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of December 31, 2023, was 4%.

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Notes To Consolidated Financial Statements  
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The Company currently leases its headquarters from a related party. The lease is in effect through September 2025 with an option (or automatic extension) for an additional 5 years through September 2030. The lease originally called for monthly payments of \$18,400 increasing 3% each year. However, in April 2023, the lease was modified and monthly payments were reduced to \$16,716 increasing 3% each year. Beginning January 31, 2025, in accordance with the lease terms, the Company will downsize the leased space from 12,600 square feet to 8,000 square feet. The Company is responsible for taxes, utilities, and repair and maintenance on the office building. For the years ended December 31, 2023, 2022 and 2021, total operating lease cost was \$186,414, \$185,920 and \$0, respectively. As of December 31, 2023, 2022 and 2021, the weighted-average remaining lease term for the Company's operating lease was 8.08, 9.08 and 0 years, respectively.

Cash paid for operating leases related to facilities, vehicles, and copiers for the year ended December 31, 2023 and 2022 was \$206,748 and \$220,800, respectively. Lease expense for the year ended December 31, 2021 (pre-adoption of the new standard) was \$220,800. Related party lease expense for the years ended December 31, 2023, 2022 and 2021 was \$206,748, \$220,800 and \$220,800, respectively. There were no additional noncash investing and financing transactions related to leasing.

Future maturities of the lease liability under these leases for the years ended are as follows:

<u>Years Ending December 31</u>	<u>Related Party Leases</u>
2024	\$ 206,615
2025	124,723
2026	128,463
2026	132,322
2027	136,292
Thereafter	<u>446,311</u>
Total lease payments	\$ 1,174,726
Less present value discount	(164,163)
Total lease obligation	<u><u>\$ 1,010,563</u></u>

(11) **Related Party Transactions**

Direct Communication Service, Inc. (DCS) is a related party to the Company through common ownership. DCS sold the TAB Business to the Company for \$1 and a perpetual royalty agreement. The Company entered into an amended agreement, which resulted in a one-time payment of \$132,785 and a \$5,000 per-month royalty. Royalties of \$60,000 were paid under this agreement for the years ended December 31, 2023, 2022 and 2021.

**TAB BOARDS INTERNATIONAL, INC. AND SUBSIDIARY  
DBA THE ALTERNATIVE BOARD**

Notes To Consolidated Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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Throughout 2023, 2022 and 2021, the Company advanced certain amounts to entities under common control, which are reported as long-term accounts receivable-related party. As of December 31, 2023, 2022 and 2021, the Company maintained \$1,158, \$1,043 and \$2,519, respectively, in related party receivables. These amounts are expected to be repaid, but the timing of repayment is unknown, and, therefore, the amounts have been classified as long-term receivables.

As discussed in Note 11, the Company leases its headquarters from a related party.

(12) **401(k) Plan**

The Company maintains a 401(k) plan (the “Plan”) for those employees who meet certain eligibility requirements set forth in the Plan. The Company may make a discretionary contribution to the Plan, and employees will vest in the Company’s contributions based on a six-year vesting schedule. The Company did not elect to make matching contributions for 2023, 2022 and 2021.

(13) **Combined System-wide And Franchisor Revenue (Unaudited)**

System wide sales represents all member dues paid into the system through franchisees or franchisor. Initial franchise and training fees represent worldwide fees received by master franchisees and the franchisor for the sale of franchises and the related training. Marketing and other revenue represents fees collected by the Company for the marketing development fund and related expenses.

The following table is a summary of total system-wide sales and franchisor revenue during the year ended December 31,:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
System-wide member dues and fees	\$ 40,840,226	\$ 38,125,046	\$ 34,449,613
Initial franchise and training fees	2,194,790	2,551,239	3,760,595
Marketing and other revenue	600,320	593,251	647,672
	<u>\$ 43,635,336</u>	<u>\$ 41,269,536</u>	<u>\$ 38,857,880</u>

## EXHIBIT H

### STATE LAW ADDENDA AND RIDERS

#### CALIFORNIA

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

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

4. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING WITHOUT LIMITATION, A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

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

6. Item 6 of the Franchise Disclosure Document is amended to provide that the highest interest rate allowed in California is 10% per annum.

7. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

Any condition, stipulation or provision in the Agreement that would result in your waiver of compliance with any provision of the California Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) (the "Act") is void to the extent that such provision violates the Act. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will be conducted in Westminster, Colorado, where our headquarters are located, with the costs being borne as provided in the Franchise Agreement. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside of California.

The Franchise Agreement requires application of the laws of the Colorado. These provisions might not be enforceable under California law.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

## HAWAII

The following paragraph is added at the end of Item 5 and Item 7 of the Franchise Disclosure Document:

The Hawaii Department of Commerce and Consumer Affairs requires us to defer payment of initial franchise fees and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the Franchise Agreement.

The following paragraph is added at the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

## ILLINOIS

1. The “Special Risks to Consider About *This Franchise*” page is amended by the deletion of Risk Factor 2 and Risk Factor 3.

2. Item 5 of the Franchise Disclosure Document is amended by the addition of the following:

Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

3. The “Summary” section of Item 17(v) of the Franchise Disclosure Document is amended to read as follows:

Litigation or arbitration will be in Illinois.

4. The “Summary” section of Item 17(w) of the Franchise Disclosure Document is amended to read as follows:

Except for federal law, Illinois law applies.

5. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

6. The following language is added to the Franchise Disclosure Document:

Illinois law governs the Franchise Agreement.

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 of the State of Illinois is void. However, the Franchise Agreement may provide for arbitration to take place outside of Illinois.

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

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

## MARYLAND

1. The third Risk Factor on the “Special Risks to Consider About *This Franchise*” page is deleted.

2. The “Summary” sections of Items 17(c) and (m) of the Franchise Disclosure Document, captioned “Requirements for You to Renew or Extend” and “Conditions for Our Approval of Transfer,” are amended by adding the following:

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

3. The “Summary” section of Item 17(h) of the Franchise Disclosure Document, captioned “‘Cause’ Defined – Non-Curable Defaults,” is amended by adding the following:

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

4. The “Summary” section of Item 17(v) of the Franchise Disclosure Document, captioned “Choice of Forum,” is amended to read as follows:

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

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

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

## MICHIGAN

### **THE FOLLOWING APPLIES ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a Franchisee to join an association of Franchisees.
- (b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a Franchisee of rights and protections provided in this act. This will not preclude a Franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the Franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than five years, and (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in

the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

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

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

(g) A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, without limitation:

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisor will, at the request of a Franchisee, arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:



State of Michigan Consumer Protection Division  
Attention: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
Telephone: (517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written.

### MINNESOTA

1. The third paragraph after the chart in Item 14 is replaced with the following:

You must notify us immediately when you learn about an infringement of or challenge to your use of our Trademarks. We will indemnify you for any loss, costs, or expenses arising out of any third party claim, suit or demand that our Trademarks infringe the trademark rights of a third party or cause unfair completion to a third party to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g). We will control any administrative proceeding or litigation involving our Trademarks.

2. The following paragraphs are added at the end of the chart in Item 17:

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

Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2860.4400J, these sections will not in any way abrogate or reduce your rights as provided in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to jurisdiction of the courts of Minnesota.

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

Minnesota Rule Part 2860.4400J prohibits you from waiving your rights to a jury trial or waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

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 A 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 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 CAN NOT 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 at 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 a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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 a 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 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.

## NORTH DAKOTA

1. Item 5 of the Franchise Disclosure Document is amended by the addition of the following:

Notwithstanding the foregoing, you will not pay any amounts described in this Item 5 until we have fulfilled all of our initial obligations owed to you under the Franchise Agreement or other documents and you have commenced doing business pursuant to the Franchise Agreement.

2. The “Summary” sections of Items 17(c) and 17(m) of the Franchise Disclosure Document are amended to add the following:

Any release executed will not apply, to the extent prohibited by applicable law, with respect to claims arising under the North Dakota Franchise Investment Law.

3. The “Summary” section of Item 17(r) of the Franchise Disclosure Document is amended to add the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

4. The “Summary” section of Item 17(u) of the Franchise Disclosure Document is amended to read as follows:

Except for certain claims, we and you must arbitrate all disputes.

5. The “Summary” section of Item 17(v) of the Franchise Disclosure Document is amended to read as follows:

Subject to your arbitration obligation and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The “Summary” section of Item 17(w) of the Franchise Disclosure Document is amended to read as follows:

Except for federal law, North Dakota law applies.

7. Item 17 of the Franchise Disclosure Document is amended to add the following:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

## RHODE ISLAND

1. The “Summary” section of Item 17(v) of the Franchise Disclosure Document is amended to read as follows:

Subject to your arbitration obligation and to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of Item 17(w) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as required by the Rhode Island Franchise Investment Act, Colorado law governs.

3. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

## WASHINGTON

1. Risk Factor 2 on the “Special Risks to Consider About *This Franchise*” is deleted.

2. The following sentence is added at the end of the Item 1 Subsection entitled “The Franchise” of the Franchise Disclosure Document:

The referral program is not available for franchise prospects who purchase a TAB Business franchise in Washington.

3. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

If any of the provisions in this Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document or Franchise Agreement.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

4. The following is added to the Franchise Disclosure Document:

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

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

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when

executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

## VIRGINIA

The following is added to the end of Item 5:

Notwithstanding anything in this Item 5 to the contrary, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the we have completed our pre-opening obligations under the Franchise Agreement.

The following is added to the end of Item 17:

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

**THE FOLLOWING PAGES IN THIS EXHIBIT H ARE  
STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT**

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in California, (b) Franchisee is a resident of California, or (c) the TAB business will be located or operated in California.

2. **MISCELLANEOUS PROVISIONS.** The following is added to Section 21 of the Franchise Agreement:

21.20 NO WAIVER OR DISCLAIMER. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer



**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN HAWAII**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in Hawaii, (b) Franchisee is a resident of Hawaii, or (c) the TAB business will be located or operated in Hawaii.

2. **FEE DEFERRAL.** The following is added to the end of the Franchise Agreement:

The Hawaii Department of Commerce and Consumer Affairs requires TAB to defer payment of initial franchise fees and other initial payments owed by franchisees to TAB until TAB has completed its pre-opening obligations under the Franchise Agreement.

3. **CLOSING ACKNOWLEDGMENT.** The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in Illinois and the TAB business will be located in Illinois, or (b) Franchisee is a resident of Illinois.

2. **PAYMENTS DUE TO TAB OR THIRD PARTIES.** The following is added to the end of Section 5.1 of the Franchise Agreement:

Notwithstanding the foregoing, payment of Initial and Development Fees will be deferred until TAB has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to TAB’s financial condition.

3. **GOVERNING LAW.** The first two sentences of Section 18.5 of the Franchise Agreement are deleted in their entirety and replaced with the following:

Except to the extent governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to or alleged to arise from or relate to:

- (a) This Agreement or any other agreement between the Parties;
- (b) The relationship of the Parties; or

(c) The validity of the Agreement or any other agreement between the Parties will be governed by the laws of Illinois as long as the jurisdictional requirements of those Illinois laws are met independently without reference to this Subsection. However, if Illinois law does not apply jurisdictionally, then disputes or claims arising from or relating to or alleged to arise from or relate to (a) through (c) above will be governed by the laws of Colorado, without regard to its conflict of laws principles, except that any Colorado law 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 Subsection.

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

4. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. The following is added to the end of the second paragraph of Section 19.2 of the Franchise Agreement:

**HOWEVER, THE WAIVER IN THIS PARAGRAPH WILL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 200.609.**

5. ILLINOIS FRANCHISE DISCLOSURE ACT. The following new Section 21.19 is added to the Franchise Agreement:

21.19 ILLINOIS FRANCHISE DISCLOSURE ACT. 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.

Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. CLOSING ACKNOWLEDGMENT. The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

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

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

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. BACKGROUND. TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of Maryland, or (b) Franchisee’s TAB business will be located or operated in Maryland.

2. AGREEMENTS AND RELEASES. The following is added to the end of the Franchise Agreement:

Franchisee will be required to sign a release at the time of transfer, renewal, or amendment of the Agreement. Notwithstanding any other provision of the Agreement, no release to be provided by Franchisee will apply to claims under the Maryland Franchise Registration and Disclosure Law.

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

3. TERMINATION BY TAB. The following is added to Section 10.3(j) of the Franchise Agreement:

Termination upon Franchisee’s insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but TAB intends to enforce this provision to the extent enforceable.

4. CONSENT TO JURISDICTION. The following is added to Section 14.2(b) of the Franchise Agreement:

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

5. TIME FOR BRINGING ACTION. The following is added to Section 15.6 of the Franchise Agreement:

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

6. ACKNOWLEDGMENTS AND WAIVER. The following is added to Section 20 of the Franchise Agreement and the Closing Acknowledgment:

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

7. CLOSING ACKNOWLEDGMENT. The following is added to the Closing Acknowledgment:

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

\_\_\_\_\_  
TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the TAB business that Franchisee will operate under the Franchise Agreement will be located in Minnesota, or (b) any of the franchise offering or sales activity occurred in Minnesota.

2. **INDEMNIFICATION.** The following is added as a new Section 15.4:

15.4 **Indemnification by TAB.** TAB will indemnify Franchisee for any loss, costs, or expenses arising out of any third party claim, suit or demand that the Trademarks infringe the trademark rights of a third party or cause unfair completion to a third party to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g). TAB will control any administrative proceeding or litigation involving TAB’s Trademarks.

3. **RELEASES.** The following is added to the end of Section 17.6(b)(8) of the Franchise Agreement:

Notwithstanding any other provision of this Agreement, no release to be signed by Franchisee will apply to claims under the Minnesota Franchises Law.

4. **TERMINATION OF AGREEMENT.** The following is added as a new Section 17.11:

17.11 **Cure Period.** With respect to franchises governed by Minnesota law, TAB will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 that require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

5. **GOVERNING LAW.** The following is added to the end of Section 18.5 of the Franchise Agreement:

**HOWEVER, NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80 CONCERNING FRANCHISEE’S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, TAB WILL COMPLY WITH MINN. STAT. SEC. 80C.14, SUBDS. 3, 4, AND 5 THAT REQUIRE, EXCEPT IN CERTAIN SPECIFIED CASES, THAT FRANCHISEE BE GIVEN 90 DAYS’ NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS’ NOTICE OF NON-RENEWAL OF THE AGREEMENT.**

6. **WAIVER OF JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, the second paragraph of Section 21.8 of the Franchise Agreement is deleted.

7. CLOSING ACKNOWLEDGMENT. Question 9 of Exhibit V of the Franchise Agreement is deleted.

8. CLOSING ACKNOWLEDGMENT. The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

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

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

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in New York, or (b) Franchisee are a resident of New York and will operate the TAB business in New York.

2. **TRANSFER BY TAB.** The following is added to Section 16.1:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in TAB’s good faith judgment, is willing and able to assume TAB’s obligations under the Agreement.

3. **RELEASES.** The following is added to the end of the Franchise Agreement:

Notwithstanding any other provisions of the Agreement, all rights Franchisee enjoys and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

4. **TERMINATION OF AGREEMENT BY FRANCHISEE.** The following is added to Section 17 as Section 17.11:

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

5. **GOVERNING LAW.** The following is added to Section 18.5:

**NOTWITHSTANDING THE FOREGOING, THE GOVERNING CHOICE OF LAW WILL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.**

6. **BINDING EFFECT.** The following is added to Section 6.4(b):

Modifications to the Operations Manual will not unreasonably affect Franchisee’s obligations, including economic requirements, under the Agreement.

7. **CLOSING ACKNOWLEDGMENT.** The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

TAB:

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

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

**NEW YORK REPRESENTATIONS PAGE**

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of North Dakota and the TAB business that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota, or (b) any of the franchise offering or sales activity occurred in North Dakota.

2. **PAYMENTS DUE AT TIME OF AGREEMENT EXECUTION.** The following is added to Section 5.1:

Notwithstanding the foregoing, Franchisee will not pay any amounts described in this Section 5.1 until TAB has fulfilled all of TAB’s initial obligations owed to Franchisee under the Agreement or other documents and Franchisee has commenced doing business pursuant to the Agreement.

3. **RELEASES.** The following is added to the end of the Franchise Agreement:

Any release required as a condition of renewal, assignment or transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **COVENANT NOT TO COMPETE.** The following is added to Section 14.2(d):

Covenants not to compete such as those mentioned above are generally considered unenforceable in North Dakota. However, Franchisee acknowledges and agrees that TAB intends to seek enforcement of these provisions to the extent allowed under the law.

5. **ARBITRATION.** The following is added to Section 18.2:

To the extent required by North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which the Parties agree.

6. **GOVERNING LAW.** The first two sentences of Section 18.5 of the Franchise Agreement are deleted in their entirety and replaced as follows:

**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, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THE AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN THE PARTIES WILL BE GOVERNED BY THE LAWS OF COLORADO, EXCEPT THAT ANY COLORADO LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE**

**RELATIONSHIP OF THE PARTIES WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.**

7. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. To the extent required by the North Dakota Franchise Investment Law, Section 21.8 of the Franchise Agreement is deleted.

8. CLOSING ACKNOWLEDGMENT. The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

\_\_\_\_\_  
TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in Rhode Island, or (b) Franchisee is a resident of Rhode Island and will operate the TAB business in Rhode Island.

2. **GOVERNING LAW.** The first two sentences of Section 15.5 of the Franchise Agreement are deleted in their entirety and replaced with the following:

**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, AND EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, THE AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN THE PARTIES WILL BE GOVERNED BY THE LAWS OF COLORADO, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT: (1) ANY COLORADO LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF THE PARTIES WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, AND (2) TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.**

3. **CLOSING ACKNOWLEDGMENT.** The following is added to Exhibit V of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

TAB:

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

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

\_\_\_\_\_  
Jason P. Zickerman

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

President and Chief Executive Officer

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

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of Virginia and the TAB business that Franchisee will operate under the Franchise Agreement will be located or operated in Virginia, or (b) any of the franchise offering or sales activity occurred in Virginia.

2. **PAYMENTS DUE AT TIME OF AGREEMENT EXECUTION.** The following is added to Section 5.1:

Notwithstanding the foregoing, Franchisee will not pay any amounts described in this Section 5.1 until TAB has fulfilled all of TAB’s initial obligations owed to Franchisee under the Agreement or other documents and Franchisee has commenced doing business pursuant to the Agreement. The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires TAB to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to TAB until TAB has completed its pre-opening obligations under the Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**RIDER TO THE TAB BOARDS INTERNATIONAL, INC. FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

This Rider (the “**Rider**”) is effective on \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation (“**TAB**”) and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **BACKGROUND.** TAB and Franchisee are parties to that certain TAB Boards International, Inc. Franchise Agreement dated \_\_\_\_\_, that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the TAB business that Franchisee will operate under the Franchise Agreement was made in Washington, (b) Franchisee is a resident of Washington, or (c) the TAB business will be located or operated in Washington.

2. **NON-RELIANCE ON REPRESENTATIONS.** The fourth sentence of Section 20.7 of the Franchise Agreement (Non-Reliance on Representations) is deleted.

3. **NON-RELIANCE ON REPRESENTATIONS.** The fifth sentence of Section 20.7 of the Franchise Agreement (Non-Reliance on Representations) is deleted and replaced with the following:

TAB does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of Franchisee’s Business outside of TAB’s Franchise Disclosure Document. Franchisee has not received any express, implied, or collateral warranty, representation, or guarantee regarding the potential volume, profits, or success of Franchisee’s Business outside of TAB’s Franchise Disclosure Document.

4. **ACKNOWLEDGMENT AND REPRESENTATIONS.** The introductory paragraph to Section B of Exhibit V of the Franchise Agreement (Acknowledgment and Representations) is deleted and replaced with the following:

Franchisee and TAB are entering into the Agreement for the operation of Franchisee’s Business. The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you as Franchisee’s representative that TAB has not authorized or that may be untrue or inaccurate. Please review each of the following questions carefully and provide honest responses to each question.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

5. **ACKNOWLEDGMENT AND REPRESENTATIONS.** Paragraph 5 of Section B of Exhibit V of the Franchise Agreement (Acknowledgment and Representations) is deleted.



6. ACKNOWLEDGMENT AND REPRESENTATIONS. The following is added to Paragraph 7 of Section B of Exhibit V of the Franchise Agreement (Acknowledgment and Representations):

This provision is subject to state law.

7. ADDITION OF PARAGRAPHS. The following is added to the end of the Franchise Agreement:

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

RCW 19.100.180 may supersede the Franchise Agreement in Franchisee's relationship with TAB including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with TAB including the areas of termination and renewal of Franchisee's franchise.

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

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

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

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

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

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The undersigned does hereby acknowledge receipt of this Rider.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

FRANCHISEE:

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

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

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

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

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

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**EXHIBIT I**

**TAB BOARDS INTERNATIONAL, INC.  
GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE  
FOR USE IN MARYLAND**

TAB BOARDS INTERNATIONAL, INC. (“**TAB**”) and the undersigned Franchisee, \_\_\_\_\_ (“**Franchisee**”) are currently parties to that a TAB Boards International, Inc. Franchise Agreement (“**Franchise Agreement**”) dated \_\_\_\_\_. Franchisee has asked TAB to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]

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TAB has the right under the Franchise Agreement to obtain a general release from Franchisee (and, if applicable, Franchisee’s owners) as a condition of taking this action or agreeing to this request. Therefore, TAB is willing to take the action or agree to the request specified above if Franchisee (and, if applicable, Franchisee’s owners) give TAB the release and covenant not to sue provided below in this document. Franchisee (and, if applicable, Franchisee’s owners) are willing to give TAB the release and covenant not to sue provided below as partial consideration for TAB’s willingness to take the action or agree to the request described above.

Consistent with the previous introduction, Franchisee, on Franchisee’s own behalf and on behalf of Franchisee’s successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “**Releasing Parties**”), hereby forever release and discharge TAB and its affiliates and the current and former shareholders, members, officers, directors, principals, employees, agents, representatives, successors, and assigns of TAB and its affiliates (collectively, the “**TAB Parties**”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “**Claims**”) that Franchisee and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the TAB Parties (i) arising out of or related to the TAB Parties’ obligations under the Franchise Agreement or (ii) otherwise arising from or related to Franchisee’s and the other Releasing Parties’ relationship, from the beginning of time to the date of Franchisee’s signature below, with any of the TAB Parties. Franchisee, on Franchisee’s own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the TAB Parties on any of the Claims released by this paragraph and represent that Franchisee has not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph. Notwithstanding anything herein to the contrary, TAB also is entitled to a release and covenant not to sue from Franchisee’s owners. By his, her, or their separate signatures below, Franchisee’s transferring owners likewise grant to TAB the release and covenant not to sue provided above.

**The following language applies only to transactions governed by the Maryland  
Franchise Registration and Disclosure Law**

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Franchisee may commence a lawsuit against TAB in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law that are not released.

FRANCHISEE:

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

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

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

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

FRANCHISEE'S OWNERS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TAB:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

**EXHIBIT J**

**TAB BOARDS INTERNATIONAL, INC.  
MICROSITE SERVICE AUTHORIZATION**

**TAB BOARDS INTERNATIONAL, INC.  
MICROSITE SERVICE AUTHORIZATION**

This TAB BOARDS INTERNATIONAL, INC. MICROSITE SERVICE AUTHORIZATION (the “**Agreement**”) is effective as of \_\_\_\_\_, and made by and between TAB BOARDS INTERNATIONAL, INC., a Colorado corporation located at 11031 Sheridan Boulevard, Westminster, Colorado 80020 (“**TAB**”) and the undersigned franchisee (“**Franchisee**”). TAB and Franchisee will collectively be referred to herein as the “**Parties**.”

RECITALS

WHEREAS, the Parties have entered into a franchise or independent associate agreement which is in effect (the “**Franchise Agreement**”);

WHEREAS, Franchisee desires to use a TAB-branded Internet website (the “**Microsite**”);

WHEREAS, the Parties desire that TAB provide Franchisee with the Microsite (the “**Microsite Service**”), and that TAB collect associated fees for the Microsite Service from Franchisee’s credit card or by deductions from the Amounts Collected on Franchisee’s Behalf; and

WHEREAS, all capitalized terms not defined in the Agreement have the meaning set out in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, and other good and valuable consideration, the Parties agree as follows:

1. Term and Termination. The Agreement will be effective when signed by Franchisee and received by TAB. The Agreement will expire simultaneously with the expiration or termination of the Franchise Agreement. If Franchisee defaults in the performance of the Agreement or Franchise Agreement, or materially breaches any of their provisions, TAB, at its option, may immediately terminate the Agreement by giving Franchisee written notification of the same. TAB may discontinue offering the Microsite Service at any time at TAB’s sole discretion. Notwithstanding any other provisions of the Agreement, the Agreement will terminate automatically if TAB no longer offers the Microsite Service or upon the occurrence of any of the following events:

- (a) Bankruptcy or insolvency of either Party;
- (b) Sale or transfer of the business by either Party; or
- (c) Death or dissolution of either Party.

2. Microsite. TAB will provide the Microsite which includes The Alternative Board® approved brand identity design template, TAB-managed member promotional content, and professional and easy-to-use functionality allowing Franchisee to customize the Microsite.

3. Content and Data. The Microsite will consist of two forms of data: TAB’s content data and Franchisee’s data. TAB’s content data will be leased to Franchisee and distributed to Franchisee’s Microsite on a regular basis. Franchisee does not have an ownership interest in TAB’s content data. TAB’s content data is copyrighted and owned by TAB, and may not be copied or used in any form by Franchisee

other than its display within the Microsite as described in the Agreement, or modified or edited by Franchisee in any manner. All of TAB's content data is hereby included in and governed by the confidentiality and intellectual property provisions of the Franchise Agreement. Franchisee's data is all permitted data Franchisee uploads to the Microsite that can be edited and modified only by Franchisee. Franchisee bears sole responsibility for the content of Franchisee's data, including compliance with all laws and regulations.

4. Title, Rights, and Domains. TAB owns all rights, title, and interest in and to the Microsite including, without limitation, all software, website designs, and related technology, but excepting Franchisee's data. Franchisee will not use the Microsite except in accordance with the Agreement and the Franchise Agreement, and will not have the right to sublicense or sell this technology to a third party. Upon termination of the Agreement, Franchisee will have no rights relating to the Microsite or any other TAB product or proprietary information including, without limitation, TAB's trademarks and copyrights except to the extent granted in the Franchise Agreement. Any TAB-related domain used in connection with the Microsite that contains any of TAB's trademarks must be owned by TAB and licensed to Franchisee pursuant to the Franchise Agreement. Upon termination of the Franchise Agreement or the Agreement, TAB will be the sole owner of any such TAB-related domain and Franchisee will retain no interest whatsoever in such TAB-related domain except to the extent granted to Franchisee in the Franchise Agreement. No domain may be used in connection with the Microsite without TAB's express approval which TAB may grant or withhold in TAB's sole discretion. Franchisee will identify Franchisee's requested website domain below.

5. System Availability. After launch of the Microsite, TAB will use commercially reasonable efforts to ensure the continuous availability of the system, provided that from time to time, reasonable downtime will be scheduled by TAB for maintenance or improvements. If scheduled or unscheduled downtime occurs, TAB will not be liable whatsoever for any expenses, losses, or damages incurred by Franchisee.

6. Disclaimer of Warranty. EXCEPT AS EXPRESSLY STATED IN THE AGREEMENT, TAB MAKES NO EXPRESS, IMPLIED, OR STATUTORY WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. TAB SPECIFICALLY DOES NOT GUARANTEE THE SECURITY OF ANY OF FRANCHISEE'S DATA CONTAINED WITHIN THE MICROSITE. Franchisee acknowledges that errors in the Microsite will not necessarily be corrected, although TAB will make reasonable efforts to do so, and that TAB cannot warrant that defects in the Microsite can or will be corrected due to interdependencies on hardware and software products.

7. Fees and Payment. Franchisee will pay the fees set forth in the fee schedule attached as Exhibit A to the Agreement. TAB will make a deduction from the Amounts Collected on Franchisee's Behalf for the following month. From time to time, TAB may change its pricing or pricing policies. If TAB increases any pricing, TAB will notify Franchisee at least forty-five (45) days in advance of such price increase.

8. General Provisions. Notices may be provided by U.S. mail, courier, facsimile, or email transmission. The Agreement will be governed by Colorado law. Any action relating to the Agreement will be brought in Denver, Colorado. TAB will not be liable for any special, indirect, punitive, incidental, or consequential damages resulting from the Microsite Service or use of the Microsite. TAB's liability in connection with the Agreement, whether in contract, tort or otherwise, will not exceed the fees paid to TAB by Franchisee under the Agreement. Franchisee will indemnify TAB for all actual and consequential damages resulting from Franchisee's use of the Microsite. The Agreement constitutes the entire agreement by the Parties regarding the subject matter of the Agreement and is intended as an integration of any

discussions or understandings between the Parties. Any prior agreements between the Parties relating to a website are void.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this TAB Boards International, Inc. Microsite Service Authorization as of the date that TAB accepts the Agreement.

TAB:

FRANCHISEE:

TAB BOARDS INTERNATIONAL, INC.,  
a Colorado corporation

\_\_\_\_\_  
a \_\_\_\_\_

\_\_\_\_\_  
Jason P. Zickerman  
President and Chief Executive Officer

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

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

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



**EXHIBIT A  
TO MICROSITE SERVICE AUTHORIZATION**

**FEE SCHEDULE**

Microsite Setup Fee (one-time only, due upon signing the Franchise Agreement, included in Marketing Fee paid pursuant to the Franchise Agreement)	\$299.00
Monthly Service Fee	\$20.00

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

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

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

## EXHIBIT K

### RECEIPT

(to be retained by Franchisee)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If TAB Boards International, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen 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. However, some state franchise laws require TAB Boards International, Inc. to provide this Franchise Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least ten 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 (Iowa, Michigan, New York, Oklahoma, and Rhode Island).

If TAB Boards International, Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are those individuals listed in Item 2, 11031 Sheridan Boulevard, Westminster, CO 80020, (303) 839-1200 and as follows: \_\_\_\_\_.

Issuance Date: April 1, 2024.

I have received a Franchise Disclosure Document dated April 1, 2024, that included the following Exhibits:

- A. List of State Agencies and Agents for Service of Process
- B. TAB Boards International, Inc. Franchise Agreement
  - B-I. Addendum to TAB Boards International, Inc. Franchise Agreement
  - B-II. Statement of Ownership
  - B-III. TAB Boards International, Inc. Guarantee and Assumption of Franchisee's Obligations
  - B-IV. TAB Boards International, Inc. Conditional Assignment of Telephone and Directory Listings, Etc.
  - B-V. Closing Acknowledgment
  - B-VI. State Law Rider
  - B-VII. TAB Boards International, Inc. Trademarks
- C. TAB Boards International, Inc. CRM System Use Agreement
- D. TAB Boards International, Inc. Operations Manual Table of Contents
- E. TAB Boards International, Inc. List of Franchisees
- F. TAB Boards International, Inc. Franchisees Who Have Left the System
- G. TAB Boards International, Inc. Audited Financial Statements
- H. State Law Addenda and Riders
- I. TAB Boards International, Inc. Grant of Franchisor Consent and Franchisee Release for Use in Maryland
- J. TAB Boards International, Inc. Microsite Service Authorization
- K. Receipt

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Print Name

## EXHIBIT K

### RECEIPT

(to be returned to TAB Boards International, Inc.)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

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- K. Receipt

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Print Name