

FRANCHISE DISCLOSURE DOCUMENT

FP Franchising, LLC
An Illinois Limited Liability Company



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As a FP Franchising, LLC (“FP Franchising”) franchisee, you will own and operate a business that provides fitness services and systems through affordable membership programs under the tradename “Fitness Premier” (an “FP Franchise” or “Franchised Business”). Your primary responsibility as a franchisee will be to manage the day-to-day operations and offer quality service programs.

The total initial investment necessary to begin operation of a FP Franchise is \$264,350 to \$585,000 per unit. This includes \$49,500 that must be paid to Franchisor or an affiliate. If you purchase two (2) franchise units, the Initial Franchise Fee per unit is \$35,000 that must be paid to Franchisor or an affiliate. If you purchase three (3) franchises, the Initial Franchise Fee per unit is \$25,000 that must be paid to Franchisor or an affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jason Markowicz at 530 W. North Street Suite 105 Manhattan, IL 60442 or by telephone at (708) 670-2371 or by email at jmarkowicz@fitnesspremierclubs.com.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “Buying a Franchise, A Consumer Guide,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (“FTC”). You can contact the FTC at (877) FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov 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: **March 31, 2023**

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider about *This Franchise*

Certain states require 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 Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.
2. **Personal Guaranty.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (Item 21), calls into question the franchisor's ability to provide services and support to you.

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Exhibit I – Form of Franchise Compliance Certification

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APPLICABLE STATE LAW REQUIRES ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES APPEAR IN **EXHIBIT H**.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, the terms “FP Franchising”, “we”, “our”, or “us” refer to FP Franchising, LLC, the franchisor of this business. “You” refers to the franchisee, which buys the franchise and includes an individual or a corporation, partnership, limited liability company or other legal entity. If a corporation, partnership or limited liability company buys the franchise, “you” includes each general partner in a partnership, the shareholders, officers or directors of a corporation, or members, officers or managing agents of a limited liability company.

Franchisor

FP Franchising, LLC is an Illinois limited liability company that was formed on July 18, 2016, and maintains its principal place of business at 530 W. North Street, Suite 105 Manhattan, IL 60442. We conduct business under the name “FP Franchising,” as well as the name “Fitness Premier.” We do not conduct business under any other name or mark. We began selling franchises in January 2017. We do not operate a business of the type being franchised and we do not offer any franchise other than as described in this Disclosure Document.

Affiliates

Premier Total Solutions Corporation (“Premier Total Solutions”) is an Illinois corporation that was incorporated on January 6, 2011 and maintains its principal place of business at 530 W. North Street, Suite 105 Manhattan, IL 60442. Premier Total Solutions provides FP Franchising franchisees with software support, accounting, payroll, and human resources services. Premier Total Solutions does not operate a business of the type being franchised.

Premier RE Holdings, LLC (“Premier Holdings”) is an Illinois limited liability company that was formed on June 30, 2016 and maintains its principal place of business at 530 W. North Street, Suite 105 Manhattan, IL 60442. Premier Holdings owns commercial properties and leases the properties to corporate and franchise locations when applicable. Premier Holdings does not operate a business of the type being franchised.

Premier RE Holdings, LLC of Watseka (“Watsseka”) is an Illinois limited liability company that was formed on June 15, 2017 and maintains its principal place of business at 530 W. North Street Suite 105 Manhattan, IL 60442. Watsseka was formed to purchase commercial real estate in Watseka, IL for a future Fitness Premier location. Watsseka does not operate a business of the type being franchised.

Nitty Gritty Printing Company, LLC (“Nitty Gritty”) is an Illinois limited liability company that was formed on July 18, 2017 and maintains its principal place of business at 202 S. Poplar St., Manteno, IL 60950. Nitty Gritty provides FP Franchising franchisees with apparel and silk screened retail products and is the only approved vendor for ordering marketing materials and apparel for franchisees. Nitty Gritty does not operate a business of the type being franchised.

PB3 Construction, LLC (“PB3”) is an Illinois limited liability company that was formed on February 18, 2019 and maintains its principal place of business at 530 W North Street Suite 105, Manhattan, IL 60442. PB3 provides franchisees with maintenance, repair, and remodels. PB3 does not operate a business of the type being franchised.

FP Fit Wave LLC (“Fit Wave”) is an Illinois limited liability company that was formed on April 5, 2021 and maintains its principal place of business at 530 W North Street Suite 105 Manhattan, IL 60442. Fit Wave was formed to operate a business of the type being franchised.

Premier RE Holdings LLC of Monticello (“Monticello Holdings”) is an Illinois limited liability company that was formed on December 17, 2021 and maintains its principal place of business at 1752 Market St, Monticello, IL 61856. Monticello Holdings does not operate a business of the type being franchised.

Premier RE Holdings, LLC of Bourbonnais (“Bourbonnais Holdings”) is an Illinois limited liability company that was formed on June 30, 2016 and maintains its principal place of business at 530 W. North Street Manhattan, Illinois 60442. Bourbonnais Holdings does not operate a business of the type being franchised.

Agent for Service of Process

Our agents for service of process are listed on **Exhibit G** of this Disclosure Document.

The Business We Offer

We offer the FP Franchise, a full-service fitness center. As a FP Franchising franchisee, you will own and operate a business that provides the authorized fitness services and systems through affordable membership programs under the tradename “Fitness Premier.” Your primary responsibility as a franchisee will be to manage the day-to-day operations and offer quality service programs.

The Market for FP Franchising, LLC and Competition

As an FP Franchising franchisee, your target market will be average people who desire to lead healthy, active lifestyles. You will compete with other independent health club owners, national fitness franchise organizations, and other businesses that offer fitness services. Your ability to compete in this market will be largely and significantly dependent upon your management, your involvement with the Franchised Business, your financial strength, general economic conditions, geographic area and specific location.

Applicable Regulations

You must comply with all local, state, and federal laws that apply to your franchised business’s operations. The local and state laws and regulations may differ by location and it is your responsibility to thoroughly investigate the applicable business and licensing rules and regulations before opening your franchised business. You should consult with your attorney concerning these and other laws that may affect your business.

ITEM 2 BUSINESS EXPERIENCE

Jason Markowicz: Chief Executive Officer

Jason Markowicz is the founder of FP Franchising, LLC and all of its affiliates listed in Item 1. Mr. Markowicz has served as the Chief Executive Officer (“CEO”) of FP Franchising and all of its affiliates since their inception. He has worked in the fitness industry for over eighteen (18) years. Mr. Markowicz understands how to lead teams and how to effectively build relationships with the Fitness Premier culture that fosters relationships that will transcend into each community the System serves. Additionally, Mr. Markowicz owns other businesses that do not compete with Fitness Premier such as nail boutiques, real estate, and construction businesses.

John Bahlenhorst: Owner and Investor

John Bahlenhorst is an owner of, and investor in, FP Franchising, LLC. Mr. Bahlenhorst owns and operates

several fitness and spa franchises and has been self-employed for over thirty (30) years. He has extensive experience in construction, health club business, and other service-type businesses and is a seasoned investor. Mr. Bahlenhorst currently lives in Seattle, WA.

Rick King: Vice President

Rick King is the Vice President of FP Franchising, LLC and has worked with the Fitness Premier team and in the health and fitness industry for over fifteen (15) years. He has been involved in all aspects of opening and operating health clubs including pre-sales, construction, hiring and recruiting, sales, marketing, and operations. Mr. King is also responsible for providing franchise support for all franchise operations.

Josh Chrestman: Vice President of Training

Joe Chrestman is FP Franchising, LLC's Vice President of Training. Mr. Chrestman has served in this role since October 2020. He oversees training and development for franchisees. Prior to joining our team, Mr. Chrestman owned and operated his own fitness studio (JC Health & Fitness) in Sandwich, IL. He has a degree in exercise science and is a programming expert. Joe Chrestman also founded FP Fit Wave LLC.

Kathy Mecklenburg: Director of Operations and Finances for Premier Total Solutions

Kathy Mecklenburg is the Director of Operations and Finance for Premier Total Solutions and has worked for that affiliate for over fifteen (15) years. Ms. Mecklenburg oversees the Premier Total Solutions Division that handles all office, payroll, daily reporting, reconciliation, and other support services for each location in the Fitness Premier System. Ms. Mecklenburg is a franchisee owning one (1) Fitness Premier location.

Kristina Griffith: Club Support Specialist for Premier Total Solutions

Kristina Griffith is the Club Support Specialist for Premier Total Solutions and facilitates all back-end operations, including client support, billing inquiries to the call center, database support, and franchisee support.

Josh Hettiger – Franchise Sales Director

Josh Hettiger is an operating partner at Fitness Premier of Cedar Lake and is VP Franchise Development for Fitness Premier Clubs and a few other brands. Josh has been with the company since 2020.

Jillyan Morris – Franchise Support Director

Jillyan Morris joined the company in 2022 as Franchise Support Director. From 2010-2021, Jillyan acted as regional manager for Massage Envy in Frankfort, Illinois.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

FP Franchising offers three different franchise options: an option for one (1) franchise; an option for two (2) franchises; and an option for three (3) franchises. The Initial Franchise Fee for these options are as follows:

NUMBER OF FRANCHISES	INITIAL FRANCHISE FEE
1	\$49,500.00
2	\$35,000.00
3	\$25,000.00

You must sign a separate Franchise Agreement for each franchise unit.

We offer a ten percent (10%) discount on the Initial Franchise Fee to qualified veterans.

The Initial Fee is fully earned by us when you sign the Franchise Agreement and is not refundable except under the circumstances outlined in this Item 5 and/or in the Franchise Agreement. If your Franchised Business is not open for business within one hundred eighty (180) days of receiving approval of the franchise location, we may terminate your Franchise Agreement and will refund you 50% of your Initial Fee.

**ITEM 6
OTHER FEES**

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty Fee (See Note 2)	6% of monthly Gross Sales	Received by FP Franchising by the 5 th day of the month	“Gross Sales” is defined as the total revenues derived by the Franchised Business from all sales, whether for cash, check, credit, or otherwise, without reserve or deduction for inability or failure to collect the same and whether such business is conducted in compliance with, or in violation of, the terms of the Franchise Agreement. Gross Sales does not include refunds to customers, credits, discounts or the amount of any sales taxes or other similar taxes that you might be required to collect, and do collect, from customers to be paid to any federal, state, or local taxing authority.
Fit Wave Training Fee (See Note 3)	\$49-\$199 a month	Received by FP Franchising by the 5 th day	The Fit Wave add-on provides team training, nutrition services, six (6)

Type of Fee (See Note 1)	Amount	Due Date	Remarks
		of the month	week challenge programs, and recovery services.
National Marketing Fund	1% of Monthly Gross Sales; not currently assessed	Received by FP Franchising by the 5th day of the following month	At this time, we have not established a National Marketing Fund, but reserve the right to establish one in the future. FP Franchising franchises owned by us and our Affiliates may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as franchisees.
Local Advertising (See Note 4)	4% of Monthly Gross Sales	As incurred on a monthly basis	You must provide us with monthly reports of your local advertising expenditures by the 5th day of the following month.
Regional Advertising Fund	3% of Monthly Gross Sales; not currently assessed	Received by FP Franchising by the 5th day of the following month	In the event, we establish a regional advertising fund (the "Regional Fund") in a region in which your franchise is located, you must contribute, monthly, an amount equal to 3% of your total monthly Gross Sales of your Franchised Business.
Additional Training (See Note 5)	\$75 to \$250 per person/per day	As incurred	You must pay the then-current training fee before you or your employees attend the training. You will be responsible for all travel, lodging, meals, and other expenses incurred in attending the additional training.
Relocation Fee	\$2,500	At the time the relocation is approved by FP Franchising	Payable if you relocate your Franchised Business
Transfer Fee	\$10,000	At the time the transfer is approved by FP Franchising	Payable if you sell, transfer, or assign your franchise.
Renewal Fee	50% of the then-current Initial Franchise Fee.	At the time the renewal is approved by FP Franchising	Payable if you renew your Franchise Agreement.

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Technology, Marketing and App Fee	\$450-\$1,100 per month	Received by FP Franchising by the 1st day of the month	Fee varies by location.
Continued Assistance Fee (See Note 6)	\$3,150 per month	Within 10 days of billing or as otherwise designated by Premier Total Solutions	Human Resources, Accounting and Business Support
Business Consulting Services Fee (See Note 7)	\$75 per hour	Received by FP Franchising by the 5 th day of the following month	Optional service
Audit Costs (See Note 8)	Cost of audit charges	Within 10 days of billing	Payable only if the audit reveals that you understated your Gross Revenues by more than 5%
Lost Manual Fee	\$200 per Manual	At the time the replacement Manual is issued to you	You must keep a copy of our Manual, and any subsequent updates, in a safe and secure location at all times during the initial term of the Franchise Agreement and any renewal terms
Late Fee	\$100 per day for each day the payment is overdue	As incurred	Payable if any fee or any other amount due under the Franchise Agreement is not received within 7 days after such payment is due
Insufficient Fund Fees (See Note 9)	\$25 plus reimbursement of any costs Franchisor incurred from the bank due to the insufficient funds	As incurred	Payable by you if there are insufficient funds to collect the amounts owed to Franchisor
Interest	The lesser of the daily equivalent of 18% per annum of any overdue amount per year, or the highest rate then permitted by applicable law	As incurred	Payable if any fee or any other amount due under this Agreement is not received within 7 days after such payment is due
Indemnification	Varies depending upon the	As incurred	You must reimburse us if we are held liable for claims

Type of Fee (See Note 1)	Amount	Due Date	Remarks
	circumstances		resulting from your Franchised Business's operations
Costs and Attorneys' Fees	Varies depending upon the circumstances	As incurred	You must pay our costs and attorney's fees if we are successful in bringing an action against you arising out of, or related to the Franchise Agreement, including, but not limited to, an action to collect amounts owed to FP Franchising

Note 1. Type of Fee.

All fees are non-refundable and are payable to us, unless otherwise noted.

Note 2. Royalty Fees.

The monthly Royalty Fee must be received by us no later than the fifth (5th) day of the following month. The Royalty Fee shall be paid by electronic funds transfer ("EFT") from your bank account through an automatic debit system. During the term of the Franchise Agreement, you must provide us with a monthly report of the Gross Sales for your Franchised Business. The report shall be in a form specified by us and shall fully disclose all information requested. You also must supply documentation supporting the information disclosed on the reports upon our written request.

Note 3. Fit Wave Training.

We provide a required training with specific protocol and intellectual property further defined in the Operations Manual. FP Franchising franchisees can choose between three options and the monthly cost, depending on the option selected, will range from \$49-\$199 a month. The first option is \$199, the second option is \$99, and the third option is \$49.

Note 4. Local Advertising.

You are required to conduct local advertising and to spend a minimum of four percent (4%) of your total monthly Gross Sales of your Franchised Business a month on such advertising. You must provide us with monthly reports of your local advertising expenditures no later than the fifth (5th) day of the following month. You are permitted to create and use your own marketing and advertising materials to advertise your Franchised Business; provided, however, that such marketing and advertising materials are submitted to and pre-approved in writing by us before such materials are used. We will notify you of our approval or disapproval of the proposed advertising material within thirty (30) days after we receive all the necessary information for review. We may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time and you must not use any marketing materials that we have disapproved.

Note 5. Additional Training.

We reserve the right to require you, your Manager, and/or employees to participate in ongoing online training and/or mandatory additional in-person training. The fee for this additional training will range between \$75.00 and \$250.00 per person, per day, depending on how many people attend the training and how many days of additional training is necessary. We may, in our sole discretion, modify the fee for

participating in such additional training. Such additional training may take place at an annual convention in Franchisor's sole discretion. You will be responsible for all travel, lodging, meals, and other expenses you incur, as well as, your designated manager, in attending the additional training.

Note 6. Continued Assistance Fee.

Premier Total Solutions will provide you with the following Business Systems for use in operating your Franchised Business in exchange for the Continued Assistance Fee:

- ABC Financial software support
- Payroll and other human resource services; and
- Other back end support as provided for in the Consulting Agreement attached to the Franchise Agreement as **Exhibit G**.

We have the right, without limitation, to modify, add, or enhance the types of business systems we provide to you in exchange for the Continued Assistance Fee. For franchisees who open five (5) or more locations, the fee is cut in half for the 6th, 7th, and subsequent locations to \$1,575 dollars per month.

Note 7. Business Consulting Services.

Upon your written request, if you feel you need more assistance outside of our regularly scheduled training session, we will provide you with consulting services at your Franchised Location. You must pay us the Business Consulting Services Fee in exchange for the consulting services, which is currently set at \$75 per hour. We have the right, without limitation, to modify the amount of the Business Consulting Services Fee in our discretion.

Note 8. Audit Costs.

We reserve the right to examine and audit your books, records, tax returns, accounts, and such other statistical and other information or records we require you to maintain and preserve. Examinations and audits may take place without prior notice, during normal business. Such examination or audit shall be at our expense, unless it is disclosed that you understated your Franchised Business's Gross Sales by more than 5%, in which case you shall be required to reimburse us for the cost and expense of such examination or audit. In addition, you must also pay any deficiency in Royalty Fees or other fees as disclosed by such audit or examination within ten (10) days following receipt of the auditor's report, plus interest calculated at the maximum rate specified by law, or in the absence of a maximum rate specified by law, eighteen percent (18%) per annum. If the inspections and audits establish a pattern of underreporting, then we have the right to require that you employ an accounting firm approved by us to assist in maintaining and preserving your books, records, tax returns, accounts, and such other statistical and other information or records relating to the Franchised Business.

Note 9. Insufficient Funds Fees.

You must maintain a balance in your account sufficient to allow us to collect amounts owed when due. In the event there are insufficient funds to collect the amounts owed to us, you will be charged an additional fee of Twenty-Five Dollars (\$25.00) for each EFT attempt that was unsuccessful, plus reimbursement of any costs we incurred from the bank due to the insufficient funds. You are required to sign the EFT Form attached to the Franchise Agreement as Exhibit F and any other required documents to authorize your bank to transfer either electronically or through some other method of payment designated by us directly to our account and to charge your account for all amounts due to us from you.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 2)	\$49,500	Lump sum	Upon signing the Franchise Agreement	FP Franchising
Leasehold Improvements (See Note 3)	\$25,000-\$225,000	As required	As incurred	Third Parties
Lease (See Note 3)	\$3,000-\$10,000	As required	Monthly	Landlord
Lease of Fitness & Hydro Equipment (See Note 4)	\$150,000-\$225,000	As required	At least 90 days before opening your Franchised Business	Third Parties
Marketing Materials and Supplies	\$5,000-\$10,000	As required	Before opening your Franchised Business	Third Parties
Business cards, start-up media kits	\$250-\$1,500	As required	As incurred	Third Parties
Initial Promotional Advertising Expenses (See Note 5)	\$10,000-\$15,000	As required	As incurred	Third Parties
Initial Training- Travel, Lodging, Meal Expenses, etc. (See Note 6)	\$2,000-\$5,000	As required	As incurred	Third Parties
Insurance (See Note 7)	\$1,000-\$3,000	As incurred	Monthly	Insurance Agent
Computer System and POS System (See Note 8)	\$2,500-\$10,000	As incurred	Before opening your Franchised Business	Third Parties
Licenses and Permits	\$100-\$1,000	Lump sum	As required	Local and State Agencies
Professional Fees, Startup Assistance	\$1,000-\$5,000	As required	As incurred	Third Parties
Additional Funds- 3 to 6 month estimate (See Note 9)	\$15,000-\$25,000	As required	As incurred	Third Parties
TOTAL	\$264,350-\$585,000			

Note 1. Description of Expense.

All fees and expenditures represented in the above table in reference to us are non-refundable. All fees and expenditures represented in the above table to third parties, including suppliers, advertisers, various professionals, and governmental licensing agencies may be non-refundable subject to their guidelines. FP Franchising does not offer direct or indirect financing for any part of the Estimated Initial Investment.

These estimated ranges are based on our founder's eighteen (18) years of experience in owning and operating a business of the type being franchised and the operation of company-owned FP Franchising locations. You should review these figures carefully with a business advisor as part of your due diligence before deciding to purchase a FP franchise.

Note 2. Initial Franchise Fee.

If you purchase two (2) franchises, your Initial Franchise Fee per franchise unit is \$35,000. If you purchase three (3) franchises, your Initial Franchise Fee per franchise unit is \$25,000. We offer a ten percent (10%) discount on the Initial Franchise Fee to qualified veterans.

The Initial Franchise Fee is fully earned by us when you sign the Franchise Agreement and is only refundable in the event your Franchised Business is not open for business within one hundred eighty (180) days of receiving approval of the franchise location, in which case we may terminate your Franchise Agreement and will refund you 50% of your Initial Fee. The Estimated Initial Investment listed above is for each franchise unit.

Note 3. Lease; Leasehold Improvements.

You may either own or lease the building for your Franchised Business; provided, however, that the building is zoned commercial and the Franchised Business is legally permitted to operate on the premises. FP Franchising franchises are generally located in retail or industrial buildings, and range in size from 4,000 to 12,000 square feet. If you lease the premises for your Franchised Business, the monthly rent will vary depending upon the geographic location, size of the building, and other economic factors and may include common area maintenance fees and real estate taxes. The cost of the required leasehold improvements will depend upon the size of the premises, location, material costs, labor costs, amount the landlord is willing to assume in tenant improvement allotments, and other economic factors.

In a build-to-suit lease, the landlord may include some or all of the improvements, fixtures, equipment, and signs which may be factored into your lease payments. If you purchase the land and build, your estimated cost for the construction will vary depending upon the geographic location, size of the building, and other economic factors. If you build, you will likely not have to factor monthly rent into your estimated initial investment; however, you will have to factor in additional costs for financing and construction of the building, as well as any other associated costs.

Regardless of whether you own or lease the building for your Franchised Business, you must construct or renovate, as the case may be, the premises in accordance with our standards and specifications outlined in the Operating Manual or otherwise designated in writing by us. Prior to commencing such construction, renovation, or refurbishment, you must obtain all the necessary permits and certifications as may be required by law, ordinance, or regulation. If you elect or are required by us or the Franchise Agreement to perform construction work or significant renovations or refurbishment of the Franchised Business which affect the design, character, or appearance of the Franchised Business, you must obtain our prior approval. We reserve the right to require you to renovate the Franchised Business every five (5) years and such renovations may require you to invest additional capital. The range depicted in the above chart accounts for changes in leasehold improvement fees based on whether a FP Franchise franchisee converts an existing business into an FP Franchise or builds it on from a dark shell.

Note 4. Fitness Equipment.

You will be required to purchase or lease and maintain any and all exercise equipment designated by us in the operation of the Franchised Business from approved suppliers. Equipment may be leased through approved third-party vendors. The list of required exercise equipment and approved supplies will be

provided to you in the confidential Operations Manual. Fitness equipment costs are typically financed and excluded from cash needed up-front.

Note 5. Initial Promotional Advertising Expenses.

You are required to conduct a Grand Opening Marketing Campaign (“Campaign”) during your first ninety (90) days of operation. During the Campaign, you must spend a minimum of \$10,000.00 on advertising; provided, however, the amount spent on the Campaign will be credited against your monthly Local Advertising requirements.

Note 6. Initial Training-Travel, Lodging and Meal Expenses.

Within ninety (90) days after you sign the Franchise Agreement, you and your Manager are required to attend and successfully complete our Initial Training Program. The training period will be at least five (5) days and will take place at our principal place of business or another location designated by us and participation in the weekly management training program either remotely via Zoom or in person for the first six (6) months. All courses will be taught on a quarterly basis, but may be offered more often as necessary. The initial training is provided to you at no additional cost. However, you must pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers’ compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses for yourself and your employees who attend training. You and your Manager must complete the training program to our satisfaction before you open your Franchised Business.

Note 7. Insurance

You are solely responsible for obtaining and maintaining in full force and effect all insurance necessary to operate the Franchised Business and from such providers and in such coverages, limits and amounts as may be required by us, the Operating Manual, or otherwise directed in writing. Such required policies and minimum amounts of coverage may be modified from time to time in our discretion upon thirty (30) days written notice to you.

Note 8. Computer Hardware and Software

You must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet our standards and specifications outlined in the Operations Manual or otherwise designated by us in writing. You must also purchase or lease credit card swipers, bar code readers, 24-hour access system, software, and other electronic accessories from our approved supplier to operate the Franchised Business.

Note 9. Additional Funds

The Additional Funds provide an estimate of expenses necessary for operating the Franchised Business during the initial three (3) to six (6) month period of the business. We do not finance any portion of the estimated initial investment. You may have additional expenses that are not included in the table listed above as your costs will depend upon several factors including, but not limited to, how much you follow our methods and procedures, your business acumen, skill and experience, economic conditions, market conditions, competition, location, personnel, and marketing. These estimated ranges are based on our founder’s experience in owning and operating a business of the type being franchised for eighteen (18) years and the operation of company- owned FP Franchising locations. You should review these figures carefully with a business advisor as part of your due diligence before deciding to purchase a franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must purchase all products necessary for the operation of the Franchised Business from distributors and suppliers designated and approved by us, which may include and be limited to, us or our Affiliates. We have a Consulting Agreement with our Affiliate, Premier Total Solutions, to provide back-end office support to our franchisees including but not limited to software support, payroll, and human resource services. Premier Total Solutions will only be involved in payment processing and other administrative processes related to payroll for employees and shall have no control or impact over the hiring and firing of franchisee's employees. Premier Total Solutions is the only approved supplier of these services and we may derive revenue from franchisees' purchases of required products. 'SWETI is the only approved vendor for marketing services and True Fitness and Life Fitness are the only approved vendors for equipment. Fit Wave will be a required training service and we may derive revenue from franchisees' purchases of the required products to complete the training. Renew and Reset Areas must include a hydro massage, human touch, sauna, or similar service. Hydro Massage and Human Touch are the only approved suppliers of these services.

Our CEO, Jason Markowicz, is an owner of Premier Total Solutions and may derive revenue from franchisees' purchases of the required products. Emily Schunke and Rick King are owners of Nitty Gritty and may derive revenue from franchisees' purchases of the required products.

In addition, we receive the following rebates in connection with required purchases: a \$50 rebate per location for the use of the ABC Financial software; a 5% rebate per wholesale orders; \$50 per month for license fees to Dot Fit; a 4% rebate on Life Fitness Equipment orders; a 4% rebate on True Fitness orders; a 4% rebate from Kleen Machine; a 4% rebate from the use of Ecore Flooring for flooring needs; \$20 per month per location for the use of the Gym Sales Customer Relationship Management system; \$500 per Hydromassage bed; \$75 per location for use of the My Zone Heart Rate Monitors; and a 10% rebate for Human Touch massage chairs and 365 scanners. During the last fiscal year, we derived revenue in the amount of \$46,134.43 from required purchases from franchisees.

You must purchase or lease certain products, supplies, equipment, materials, services, and other products required for your Franchised Business from designated suppliers approved by us that satisfy our written standards and specifications. The products you are required to purchase, and the Approved Suppliers List, are contained in our confidential Operating Manual ("Manual") which you will receive upon signing the Franchise Agreement. We may modify this Manual from time to time, including the Approved Suppliers List, and you must comply with all modifications and additions made to the Manuals and Approved Supplier List.

We estimate that the items you are required to purchase that meet our specifications will represent approximately 25 - 65% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you are required to purchase that meet our specifications will represent approximately 4 - 25% of your total expenses.

You may request to obtain approval for a new supplier by submitting such request, including the basis for the request, in writing to the attention of Kathy Mecklenburg, Director of Operations, at Premier Total Solutions. Your request should include comparative pricing, the reasons the request should be approved, and a product sample if applicable. You will be required to pay the costs we incur for testing samples and evaluating the potential new supplier. Supplier approval is made on a case-by-case basis, and determined by us in our sole discretion. Our criteria for evaluating potential new suppliers are quality; the service offered, pricing; and reliability. We will make commercially reasonable efforts to notify you of our

approval or disapproval in writing of the requested supplier within thirty (30) days of submitting all the necessary information we need to evaluate the supplier. We reserve the right to deny or revoke our approval of any supplier at any time and for any reason. You will be notified of such changes and are responsible for immediately terminating your relationship with a supplier if the supplier's approval is revoked and immediately cease the use and purchase of such goods and/or services.

You will be responsible for ensuring that all goods and services will continue to conform to our standards and specifications. Franchisees may only work with suppliers that have been approved by us as meeting our criteria, standards and specifications. FP Franchising will issue its specifications and standards to franchisees, including any changes thereto, in writing and such changes to the specifications and standards must be implemented as soon as practicable.

Fitness Equipment

You will be required to purchase or lease and maintain any and all exercise equipment designated by us in the operation of the Franchised Business from approved suppliers. The list of required exercise equipment and approved supplies will be provided to you in the confidential Manual. Currently, True Fitness and Life Fitness are the only approved vendors for equipment.

Insurance

You are solely responsible for obtaining and maintaining in full force and effect all insurance necessary to operate the Franchised Business and in such coverages, limits and amounts as may be required from time to time by us, the Operating Manual, or otherwise directed in writing, including, but not limited to:

Policy Type	Minimum Amount- Each Occurrence	Minimum Amount- Aggregate
Commercial General Liability	\$1,000,000	\$2,000,000
Products-Completed Operations	\$2,000,000	\$2,000,000
Personal Injury & Advertising Injury	\$1,000,000	\$2,000,000
Damage to Premises Rented	\$100,000 for any one premises	\$2,000,000
Medical Expense	\$100,000 for any one premises	\$2,000,000
Worker's Compensation	Minimum State Requirements	Minimum State Requirements
Hired & Non-Owned Auto Liability	\$1,000,000	\$1,000,000
Professional Liability-Errors and Omissions	\$1,000,000	\$2,000,000
Abuse & Molestation Exposure	\$1,000,000	\$2,000,000
Employment Practices Liability	\$500,000	\$500,000
Cyber Liability	\$500,000	\$500,000
Umbrella	\$1,000,000	\$1,000,000

Such required policies and minimum amounts of coverage may be modified from time to time in our discretion upon thirty (30) days written notice to you.

Computer and Software Requirements

You must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet our standards and specifications outlined in the Manual or otherwise designated by us in writing. Your computer system must meet or exceed the following requirements:

- Quad Core CPU, Intel 13, or AMD Ryzen 3 Pro/Athlon Gold Pro series or above;
- 8GB RAM; and
- Windows 10 Professional/Enterprise.

If you desire to purchase or lease a Dell, Lenovo, or HP computer, it must be a commercial grade PC as opposed to residential grade. You are required to contract with RetterTEK to provide you with ongoing maintenance, repairs, upgrades, or updates to the required computer systems and IT services. You are responsible for negotiating the cost for such services with RetterTEK.

We have a software license with ABC Financial, effective May 1st, 2019, for a Customer Relationship Management (“CRM”) system that you are required to use in the operation of your Franchised Business. The CRM system provides all client management, billing, and reporting for your Franchised Business. You must also purchase or lease credit card swipers, bar code readers, Open Path 24/7 access system, software, and other electronic accessories from our approved supplier to operate the Franchised Business.

We reserve the right, without limitation, to modify or supplement the hardware or software required in the operation of the Franchised Business and you may be required to make and install substantial modifications to the computer system, software, or hardware during the initial term of the Franchise Agreement or any renewal terms to efficiently operate the Franchised Business.

Cooperatives

We do not have any purchasing or distributing cooperatives.

Negotiated Prices

On occasion, we may negotiate purchase arrangements with Approved Suppliers for the benefit of our franchisees. You may receive benefits from these purchase arrangements for your use of Approved Suppliers.

Material Benefits

Except as described in this Item 8, you do not receive any material benefit from us based upon your use of the Approved Suppliers. However, we consider a variety of factors when determining whether to renew or grant additional franchises, including compliance with the requirements described in Item 8.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Items in Disclosure Document
(a) Site selection and acquisition/lease	Section 6	Item 11
(b) Pre-opening purchases/leases	Section 10	Items 6, 7 and 8
(c) Site development and other pre-opening requirements	Sections 6, 8 and 13	Item 11
(d) Initial and ongoing training	Section 8	Items 5, 6, 7 and 11

Obligation	Section in Franchise Agreement	Items in Disclosure Document
(e) Opening	Section 7	Items 5, 7 and 11
(f) Fees	Section 14	Items 5, 6 and 17
(g) Compliance with standards and policies/Operating Manual	Sections 7 and 10	Items 8, 11 and 14
(h) Trademarks and proprietary information	Section 18	Items 13 and 14
(i) Restrictions on products/services offered	Section 10	Items 8 and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Section 5	Item 12
(l) Ongoing product/service purchases	Section 10	Item 8
(m) Maintenance and appearance requirements	Section 6	Item 11
(n) Insurance	Section 15	Item 7
(o) Advertising/Marketing	Section 14	Items 6, 7 and 11
(p) Indemnification	Section 16	None
(q) Owner's participation/management/staffing	Section 8	Item 15
(r) Records/reports	Section 17	Item 6
(s) Inspections/audits	Sections 13 and 17	Item 11
(t) Transfer	Section 20	Item 17
(u) Renewal	Section 2	Item 17
(v) Post-termination obligations	Section 22	Item 17
(w) Non-competition covenants	Section 19	Item 17
(x) Dispute resolution	Section 24	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.

Pre-Opening Assistance

Before you open your Franchised Business, we will perform the following services:

1. Territory (Section 5 of the Franchise Agreement).

We will designate and approve your Territory as described below in Item 12.

2. Site Selection (Section 6 of the Franchise Agreement)

You must select a site for your Franchised Business within your Territory, subject to our approval, within six (6) months after execution of the Franchise Agreement. In the event you do not have an Approved Business Location within six (6) months after execution of the Agreement, we may terminate the Agreement. If the Agreement is terminated under these circumstances, we will refund you 50% of the Initial Fee that you paid to us.

We will assist you in selecting a site for your Franchised Location by reviewing the business site for compliance with our specifications and standards and approving the business site as applicable. We will not assist you in conforming the site to applicable ordinances and/or codes. FP Franchising does not typically own a site that is then leased to a franchisee.

The factors that will be considered in reviewing and approving the business site are:

- Easy access to parking (parking must allow for at least 40 spaces);
- Total population within a one, three, five, and ten-mile radius to the proposed location;
- Highly visible location; and
- A competitive analysis assessing fitness centers/health clubs in the proposed location.

You are permitted to lease the Approved Business Location, but you are not permitted to execute a lease for the Approved Business Location without our prior written approval. We shall have the right to accept or reject the terms of any lease for the Approved Business Location in our sole discretion.

If we require you, or you elect, to perform construction work or significant renovations or refurbishment of the Approved Business Location that affects the design, character, or appearance of the Franchised Business, you must obtain prior approval from us for any such construction work or significant renovations or refurbishment. Any such work must comply with our standards and specifications and must be completed within three (3) months of receiving approval of the Approved Business Location.

Our approval of any location site, lease, construction work, or significant renovations or refurbishment does not warrant, represent, guarantee, or assure that your Franchised Business will be successful, profitable, or meet your expectations, and is limited solely to reviewing and confirming the business site's compliance with our specifications and standards. Additionally, we will provide you with a sample set of standard building plans and specifications for design, decoration, layout, equipment, furniture, fixtures and signs. Other than as specifically noted here and as stated in Section 6 of the Franchise Agreement, we will not assist you in construction, remodeling or decorating the site, nor will we provide you with or deliver or install any equipment, signs, fixtures, initial inventory or supplies. However, we will provide you with a list of Approved Suppliers and specifications and standards for these items. Except for your own uses related to the construction or operation of the Franchised Business, you must not reproduce, use or permit the use of any of the design concepts, drawings, or standards without our prior approval.

Franchisor reserves the right to require Franchisee to renovate the Franchised Business every five (5) years and such renovations may require Franchisee to invest additional capital.

The typical time between signing the Franchise Agreement and opening the Franchised Business is approximately three (3) to twelve (12) months. The factors that affect opening time include, but are not limited to, obtaining financing, training, selecting an Approved Business Location, lease negotiations, and hiring personnel.

3. Pre-Opening Inspection (Section 13 of the Franchise Agreement)

We will conduct a Pre-Opening Inspection of the Franchised Business to ensure you are in compliance with our standards and specifications. You shall not open your Franchised Business to the public without written authorization from us after the Pre-Opening Inspection. Our authorization for opening of the Franchised Business is limited solely to reviewing and confirming compliance with our Standards and does not warrant, represent, guarantee, or assure that your Franchised Business will be successful, profitable, or meet your expectations.

4. Training (Section 8 of the Franchise Agreement)

Within ninety (90) days after you sign the Franchise Agreement, you and your Manager are required to attend and successfully complete our Initial Training Program to our satisfaction. The training period will be at least five (5) days and will take place at our principal place of business or another location designated by us and participation in the weekly management training program either remotely via Zoom or in person for the first six (6) months. All courses will be taught on a quarterly basis, but may be offered more often as necessary. The initial training is provided to you at no additional cost. However, you must pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses for yourself and your employees who attend training. You and your Manager must complete the training program to our satisfaction before you open your Franchised Business. (See Training Program below for more information.)

The Initial Training Program will be taught by Mike Orwig or Jillyan Morris, and at least one of the following people:

- Jason Markowicz, the Chief Executive Officer of FP Franchising, who has over eighteen (18) years of experience operating a business of the type being franchised
- Rick King, FP Franchising's Vice President of Sales;
- Kathy Mecklenburg, Premier Total Solutions' Director of Operations; and/or
- Corporate employees with at least two (2) years of experience in the subject they are teaching.

In addition, we will provide you with an opening supervisor and pre-opening on-site training at least three (3) days before the opening of your Franchised Business. The opening supervisor will ensure that you have all the support necessary to open the business in a timely manner and oversee the pre-opening on-site training.

5. Operations Manual (68 pages) (Section 9 of the Franchise Agreement)

We will loan you a complete copy of our Operations Manual ("Manual") that contains mandatory and suggested specifications, standards, and procedures upon execution of the Franchise Agreement. This Manual is confidential and remains our property. We may modify this Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. The Table of Contents of the Operating Manual is attached as **Exhibit E**. Contained in the Manual is the Approved Supplier List of the approved suppliers that you are required to utilize in the operation of your Franchised Business.

Post-Opening Assistance

During the operation of your franchised business, we will perform the following services:

1. Development of New Products and Services (Section 10 of the Franchise Agreement)

We will periodically develop new products and services for use in the franchise system and improving and developing the franchise system. You will be required to provide any new products or services we deem mandatory and may incur additional cost associated with providing said products or services. You may determine the price for the products and services, subject to the maximum and minimum prices established by us.

2. Additional Training (Section 8 of the Franchise Agreement)

We will provide you with two (2) hours of weekly support call for the first twelve (12) months. Additionally, we will provide you and/or your employees with additional training, in our sole discretion, which may include, without limitation, mandatory in-person training.

We will also provide mandatory additional training if during the Franchise Agreement you appoint a new manager. The new manager must attend and complete our training program within thirty (30) days of being hired and shall not manage the Franchised Business until they have completed the training program to our satisfaction. The fee for this additional training will range between \$150.00 and \$500.00 per person, per day, depending on how many people attend the training and how many days of additional training is necessary. We may, in our sole discretion, modify the fee for participating in such additional training. Such additional training may take place at an annual convention in Franchisor's sole discretion. You will be responsible for all travel, lodging, meals, and other expenses you incur, as well as, your designated manager, in attending the additional training.

3. Post-Opening Inspection (Section 12 of the Franchise Agreement)

We will conduct Post-Opening Inspections of the Franchised Business on a quarterly basis to determine compliance with our standards and specifications. We may conduct these inspections more often than quarterly if we deem it necessary to ensure you are in compliance with our standards and specifications.

4. Business Systems (Sections 12 and 14 of the Franchise Agreement and Exhibit G to the Franchise Agreement)

Our Affiliate, Premier Total Solutions, will provide you with the following Business Systems for use in operating your Franchised Business:

- Software Support;
- Payroll and other human resource services; and
- Other back end support as provided for in the Consulting Agreement attached to the Franchise Agreement as Exhibit G.

The cost for providing these services to you is covered by the monthly Continued Assistance Fee. We have the right, without limitation, to modify, add, or enhance the types of business systems we provide to you in exchange for the Continued Assistance Fee. The cost for providing the Fit Wave service is \$199/month (1st program) \$99 (2nd program) and \$49 (3rd program). In the event you encounter operational problems with the Business Systems, they will be addressed in accordance with the Operations Manual.

5. Business Consulting Services (Section 10 of the Franchise Agreement)

Upon your written request, if you feel you need more assistance outside of our regularly scheduled training

session, we will provide you with consulting services at your Franchised Location, upon your written request. You must pay us the Business Consulting Services Fee which is currently set at \$75 per hour. We have the right, without limitation, to modify the amount of the Business Consulting Services Fee in our discretion.

Advertising

We are not under any obligation to conduct advertising for the franchise system.

1. National Marketing Fund (Section 14 of the Franchise Agreement)

At this time, we have not established a National Marketing Fund (“Marketing Fund”), but we reserve the right to establish one in the future to maximize public recognition and acceptance of the Proprietary Marks and for other benefits for the FP Franchising franchise system. In the event a Marketing Fund is established, you must contribute, monthly, an amount equal to one percent (1%) of the total monthly Gross Sales of your Franchised Business. We reserve the right to increase or decrease the amount of the required contribution in our discretion; provided, however, that the required contribution will not exceed more than three percent (3%) of the total monthly Gross Sales of your Franchised Business. We may, in our sole discretion, decide to terminate or suspend the Marketing Fund at any time. In the event a Marketing Fund is established, FP Franchising franchises owned by us and our Affiliates may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as franchisees.

If a Marketing Fund is established, we shall have the exclusive right to direct all marketing programs financed by the Marketing Fund, including the right to control the creative concepts, materials, and endorsements. We shall have the right to determine the geographic market, media placement, and allocation of the Marketing Fund and have no obligation to administer the Marketing Fund in such a manner as to ensure that expenditures by the Marketing Fund in any geographic area are proportionate or equivalent to contributions to the Marketing Fund by FP Franchising franchisees operating in any geographic area or that you will benefit directly or in proportion to your contribution to the Marketing Fund, from the conduct of marketing programs, or the placement of advertising.

If a Marketing Fund is established, the Marketing Fund may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs, including purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firm to assist with marketing and advertising; and providing marketing materials to franchisees.

The Marketing Fund may also be used to meet any and all costs reasonably related and incidental to administering the Marketing Fund and its related programs, including administrative costs. Under no circumstance will we use more than ten percent (10%) of the Marketing Fund to solicit new franchisees.

If a Marketing Fund is established, the Marketing Fund will be accounted for separately from our other funds, but the Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations to our franchisees with respect to the Marketing Fund or with the monies collected. We are permitted to spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year. Any part of the Marketing Fund contributions that are not spent during the fiscal year will remain in the Marketing Fund to be used in the next fiscal year. We are under no obligation to audit the expenditures of the Marketing Fund. However, at your request, we will make available to you an annual accounting that shows how the fund proceeds were spent for the previous year.

At this time, there is not a Franchise Advisory Council. However, we reserve the right to establish a Franchise Advisory Council after the franchise system has grown to at least fifty (50) franchisees to advise

and consult with us about the establishment, modification, continuance, or other decisions or considerations affecting marketing programs and new products and services. In the event we establish said council, we will have the exclusive right to determine their organizational structure and manner of operation.

2. Regional Advertising Fund (Section 14 of the Franchise Agreement)

In the event, we establish a regional advertising fund (the “Regional Fund”) in a region in which your Franchised Business is located, you must contribute, monthly, an amount equal to seven percent (7%) of the total monthly Gross Sales of your Franchised Business. We may, in our sole discretion, decide to terminate or suspend the Regional Fund at any time. FP Franchising franchises owned by us and our Affiliates located in the applicable region may, but shall not be obligated to, contribute to the Regional Fund on the same basis as franchisees.

We shall have the exclusive right to maintain and administer each Regional Fund and to direct all marketing programs financed by the Regional Fund, including the right to control the creative concepts, materials, and endorsements. The Regional Fund may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs, including purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firm to assist with marketing and advertising; and providing marketing materials to franchisees. The Regional Fund may also be used to meet any and all costs reasonably related and incident to administering the Regional Fund and its related programs, including administrative costs. We are under no obligation to audit the expenditures of the Advertising Fund. However, at your request, we will make available to you an annual accounting that shows how the fund proceeds were spent for the previous year.

3. Local Advertising (Section 14 of the Franchise Agreement)

You are required to conduct local advertising and to spend a minimum of seven percent (7%) of the total monthly Gross Sales of your Franchised Business a month on such advertising. You must provide us with monthly reports of your local advertising expenditures no later than the fifth (5th) day of the following month.

You are permitted to create and use your own marketing and advertising materials to advertise your Franchised Business; provided, however, that such marketing and advertising materials are submitted to and pre-approved in writing by us before such materials are used. We will make commercially reasonable efforts to notify you of our approval or disapproval of the proposed advertising material within thirty (30) days after we receive all the necessary information for review. We may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time and you must not use any marketing materials that we have disapproved.

You are required to conduct a Grand Opening Marketing Campaign (“Campaign”) during your first ninety (90) days of operation. During the Campaign, you must spend a minimum of \$10,000.00 on advertising; provided, however, the amount spent on the Campaign will be credited against your monthly Local Advertising requirements.

At this time, there are no local advertising cooperatives. However, we reserve the right to establish such cooperatives in the event there is more than one FP Franchising franchise within a 25-mile radius. If a local advertising cooperative is established in your geographic area, you will be required to contribute a minimum of two percent (2%) to three percent (3%) of the total monthly Gross Sales of your Franchised Business a month to a local advertising cooperative; provided, however, that the contribution to the local advertising cooperative will be credited against the Local Advertising requirement.

Computer Requirements (Section 12 of the Franchise Agreement)

You must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet our standards and specifications outlined in the Manual or otherwise designated by us in writing. As stated in Item 7, the estimated expense in purchasing or leasing the required computer system and any required point-of-sale system will be \$2,500 –\$7,500 payable in accordance with the terms of your acquisition. Your computer system must meet or exceed the following requirements:

- Dual Core CPU, Intel 13, or AMD A4 series or above;
- 4GB RAM; and
- Windows 7, 8, or 10 Professional version.

If you desire to purchase or lease a Dell, Lenovo, or HP computer, it must be a commercial grade PC as opposed to residential grade. You are required to contract with RetterTEK to provide you with ongoing maintenance, repairs, upgrades, or updates to the required computer systems and IT services. You are responsible for negotiating the cost for such services with RetterTEK. We do not have any contractual obligations for maintenance, repairs, updates and upgrades to your computerized system.

We have a software license with ABC Financial, effective May 1st, 2019, for a Customer Relationship Management (“CRM”) system that you are required to use in the operation of your Franchised Business. The CRM system provides all client management, billing, and reporting for your Franchised Business. You must also use the Net Education Platform, and are required to purchase or lease credit card swipers, bar code readers, Open Path 24/7 access system, software, and other electronic accessories from our approved supplier to operate the Franchised Business.

We reserve the right, without limitation, to modify or supplement the hardware or software required in the operation of the Franchised Business and you may be required to make and install substantial modifications to the computer system, software, or hardware during the initial term of the Franchise Agreement or any renewal terms to efficiently operate the Franchised Business.

Subject to data privacy laws, we will have the free and unfettered right to retrieve such data and information stored on your hard drive, either internally or externally, as we deem necessary, desirable, or appropriate and there are no contractual limits on our right to do so. The business information or data that will be collected or generated includes but is not limited to sales data, client data, statistics, and income and expense data, including Profit & Losses and Balance Sheets.

Training (Section 8 of the Franchise Agreement)

Within ninety (90) days after you sign the Franchise Agreement, you and your Manager are required to attend and successfully complete our Initial Training Program. The training period will be at least five (5) days and will take place at our principal place of business or another location designated by us and participation in the weekly management training program either remotely via Zoom or in person for the first six (6) months. All courses will be taught on a quarterly basis, but may be offered more often as necessary. In conducting the Initial Training Program, we will utilize our Manual, videos, practical experiences and other instructional materials as we may determine necessary from time to time. We reserve the right to modify the Initial Training Program in our sole discretion.

The Initial Training Program will be taught by Mike Orwig, the training director for FP Franchising and at least one of the following people:

- Jason Markowicz, the Chief Executive Officer of FP Franchising, who has over eighteen (18) years of experience operating a business of the type being franchised
- Rick King, FP Franchising’s Vice President of Sales;
- Jillyan Morris, Director of Franchise Support;
- Kathy Mecklenburg, Premier Total Solutions’ Director of Operations; and/or

Corporate employees with at least two (2) years of experience in the subject they are teaching.

You are solely responsible for recruiting, hiring, firing, training, and supervising employees to operate the Franchised Business and the terms and conditions of their employment. We may provide you with standardized interviewing and hiring information, but you are not obligated to use said information in making your hiring decisions. Any material or information related to hiring employees is for informational purposes only and the employees of the Franchised Business will only be your employees, and are not in any way our employees or agents. Other than the possible scope of the Consulting Agreement (Exhibit G Franchise Agreement), if you elect to execute the franchise agreement, we will not provide you with any assistance in hiring your employees.

The following table provides an overview of the current training program:

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations	4	4	Manhattan, IL
Marketing	4	0	Manhattan, IL
Sales Processes	4	4	Manhattan, IL
Training Programming	4	4	Manhattan, IL
Coaching	2	2	Manhattan, IL
Software Training	4	4	Manhattan, IL
TOTAL	22	18	

ITEM 12 TERRITORY

During the initial term of the Franchise Agreement (and any subsequent renewal term), you are granted the right to operate a Franchised Business within a designated Territory which will be equal to a two and a half (2.5) mile radius surrounding your Approved Business Location. Your Territory will be defined in Exhibit A to the Franchise Agreement. Except for the rights expressly reserved to us in this Item 12 and the Franchise Agreement, we will not open for business to the public, grant a franchise, license or otherwise authorize any other person or entity to open for business to the public, a FP Franchising franchise within your designated Territory. The continuation of your rights in your Territory is dependent on achieving minimum annual Gross Sales of \$180,000.00 beginning after your first fiscal year of operation (“Minimum Performance Standard”). If you do not meet the Minimum Performance Standard, it will constitute a default and we may terminate your Franchise Agreement. As long as you are in compliance with the Franchise Agreement, there are no other circumstances under which we will modify your territorial rights.

Except as otherwise provided, we retain the right to:

- Operate and grant others the right to operate a FP Franchising franchise anywhere outside of your

Territory;

- Develop, operate and grant others the right to operate any future concepts that are not included within or competitive with the franchise system at any location anywhere;
- Use and license the use of other proprietary marks or methods which are not a part of the franchise system at any location anywhere;
- Operate any fitness centers or health clubs (whether under development or already in operation) included in any business acquisition at any location outside of the Territory; and
- Distribute or license the manufacture or distribution of products or training programs through other channels of distribution, including, but not limited to the Internet or through consulting services, either inside or outside of your Territory regardless of whether such products are authorized for FP Franchising franchises or are distributed or licensed under the Proprietary Marks, without providing compensation to you for sales made in your Territory.

Currently, we do not have any plans to operate to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

You shall not change the Territory of the Franchised Business without our prior written authorization. We reserve the right to approve or deny your relocation request in our discretion based upon, without limitation, our own business judgment, your compliance with the Franchise Agreement, and the proposed new Territory. In the event we approve your relocation request, you will be required to pay us a Relocation Fee of \$2,500.00.




You do not receive the right to acquire additional franchises within your area.

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

ITEM 13 TRADEMARKS

We hereby grant you the right to use the name Fitness Premier and any other proprietary marks, trade names, logos, and the like (“Proprietary Marks”) that we require you to use in the operation of the Franchised Business. You shall not represent in any manner that you have acquired any ownership rights in the Proprietary Marks, and you shall not use any of the Proprietary Marks or any marks, names, or indicia which are, or may be confusingly similar, in your own entity or business name. You must obtain a fictitious or assumed name registration if required by your state or local law. All goodwill associated with the franchise system and identified by the Proprietary Marks shall inure directly and exclusively to our benefit.

In addition to our common-law rights to the Proprietary Marks, the below Marks are either registered or the application is pending with the U.S. Patent and Trademark Office (“USPTO”) as follows::

Service Mark	Registration/Serial Number	Registration Date	Register
FITNESS PREMIER	Reg. No. 5441079	April 10, 2018	Principal
	Reg. No. 5972891	January 28, 2020	Principal
	Reg. No. 6683855	March 29, 2022	Principal
	97683220	N/A	Application Pending

There are currently no effective determinations of the USPTO, the trademark administrator of any state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Proprietary Marks which may be relevant to its use in any state. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You must only use the Proprietary Marks in such manner authorized by us, which we may modify from time to time in our sole discretion. Your right to use the Proprietary Marks is derived solely from the Franchise Agreement and is limited to the operation of the Franchised Business pursuant to, and in compliance with, the Franchise Agreement. Your right to use the Proprietary Marks does not extend beyond the termination or expiration of the Franchise Agreement. You are prohibited from using the Proprietary Marks in connection with offering, selling, or advertising any unauthorized products or services. Any unauthorized use of the Proprietary Marks by you shall be considered a breach of the Franchise Agreement and shall constitute an infringement of our rights therein.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have not registered any patents, nor do we have any rights in, or licenses to, any patents that are material

to the Franchised Business. We have no patents or pending patent applications that are material to the purchase of a franchise.

We have a registered copyright for our website with the United States Copyright Office, Registration Number TX 8-793-639, effective July 23, 2019. We have no pending copyright applications that are material to the purchase of a franchise. However, we claim copyright interest in our written materials and other materials that are critical to the franchise system and operation of the franchised businesses, including, but not limited to, our Manual, training material, sales process, Fitness Assessment Outline, Session Protocols, 6 - Week Challenge, 21 - Day Quick Fix, advertising material, and other publications.

There is no current material determination of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any patent or copyright. There is no forum, case number, claims asserted, issues involved, and effective determinations for any material proceeding pending in the United States Patent and Trademark Office or any court. We do not know of any patent or copyright infringement that could materially affect the operation of your Franchised Business.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Fitness Premier. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise agreement. You may only use the trade secrets and other confidential information for the purpose of operating the franchised business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business and you are responsible for enforcing the confidentiality provisions as to your employees. Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement for which we may terminate the Franchise Agreement.

Individuals with access to our trade secrets or other confidential information, including your shareholders, officers, directors, partners, members, managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement as Exhibit D.

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

You are required to faithfully, honestly, and diligently perform your contractual obligations, fully exploit your Franchise Agreement rights, and devote your time and best efforts to the operation, promotion and enhancement of your Franchised Business at all times during the term of the Franchise Agreement. To operate the Franchised Business, we require that you form a legal entity (i.e., a corporation, limited liability company or other business entity).

Your Franchised Business shall only be operated by you and/or your Manager after successfully completing the Initial Training Program to our satisfaction. You must notify us in writing of the Manager's identity at the time of hire, and shall subsequently notify us of any changes in their respective employment status. If at any time a new Manager is employed, such manager must complete the Initial Training Program to our satisfaction within thirty (30) days of hiring. The Manager is not required to possess any designated equity interest in your Franchised Business.

Each owner, officer, and director of the Franchised Business must execute, as a condition of entering into the Franchise Agreement, a personal guaranty of the obligations under the Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Agreement, including

the confidentiality provisions and restrictions on owning interests in, or performing services for, competitive businesses. The Personal Guaranty is attached as Exhibit C to the Franchise Agreement.

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

You may only offer services and products that are approved by us and only from your Approved Business Location. We have the right, without limit, to modify, add, or enhance the types of authorized products and services you are required to offer and sell.

You are prohibited from offering any unauthorized products from your Approved Business Location, within your Territory, or under the Proprietary Marks of the franchise system. In the event you offer or sell any unauthorized products from your Approved Business Location, within the Territory, or under the Proprietary Marks, we may terminate the Franchise Agreement.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

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

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
(a) Length of the franchise term	Section 2	The Initial Term of the Franchise Agreement is 10 years.
(b) Renewal or extension of the term of the franchise	Section 2	Provided certain conditions are met, you will have the option to renew the Franchise Agreement for an additional 10-year period. In the event you renew your Franchise Agreement, you will be required to sign the then- current Franchise Agreement which may contain terms and conditions that are materially different from those in the original Agreement.
(c) Requirements for franchisee to renew or extend	Section 2	The conditions for renewal require that: i) You provide us with at least 12 months' written notice before expiration of the Franchise Agreement of your intent to renew; ii) You are not in default or in violation of the Agreement or any other agreement with us; iii) You have paid all monetary obligations owed to us; iv) You have completed all required additional training; v) You sign the then-current standard Franchise Agreement which may contain items and conditions that are materially different from those in the original Agreement; and vi) You pay a Renewal Fee equal to 50% of the then-current Initial

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		Franchise Fee. Your failure or refusal to execute any agreements, instruments, and/or documents we require in connection with such renewal within 30 days after delivery to you shall be deemed an election by you to not renew the Agreement.
(d) Termination by franchisee	Section 21	You may not terminate the Franchise Agreement prior to the expiration of its Term, except as provided by law.
(e) Termination by franchisor without cause	Not Applicable	We may not terminate the Franchise Agreement without good cause.
(f) Termination by franchisor with cause	Section 21	We may terminate the Franchise Agreement only if you default.
(g) "Cause" defined-curable defaults	Section 21	A curable default is a default in the performance of any of the terms of the Franchise Agreement, other than those calling for immediate termination under the Agreement.
(h) "Cause" defined- non-curable defaults	Section 21	The following occurrences shall constitute non-curable defaults: i) failure to select a site and receive approval within 6 months of the Effective Date of the Franchise Agreement; ii) failure to open the Franchised Business within 180 days of receiving approval of the Approved Business Location; iii) making materially false statements or reports in connection with acquiring the Franchised Business or the Franchise Agreement; iv) failure to operate the Franchised Business for 5 consecutive days, unless such failure to operate is due to an event beyond your control; v) the sale or offering for sale any products or services which have not been previously approved by us in writing, or which have been subsequently disapproved; vi) use of the Proprietary Marks in an unauthorized manner; vii) disclosure of any Confidential Information; viii) violation of the in-term covenant not to compete; ix) violation of any transfer or assignment provision; x) failure to operate the Franchised Business in strict compliance with all applicable civil and criminal laws, ordinances, rules, regulations and orders of governmental authorities; xi) an inspection of Franchisee's books and records establishes a

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		<p>pattern of underreporting by Franchisee; xii) receipt of more than 3 valid notices of default of the Franchise Agreement in the same 12-month period, regardless of whether previous defaults have been cured; xiii) conviction of any felony or crime of moral turpitude regardless of the nature thereof, or any other crime or offense relating to the operation of the Franchised Business; xiv) engaging in any conduct which reflects materially and unfavorably upon the operation of the Franchised Business or the franchise system generally; xv) failure to meet the Minimum Performance Standard; and xiv) bankruptcy related events.</p> <p>The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.</p>
(i) Franchisee obligations on termination/non-renewal	Section 22	<p>You must comply, at your expense, with each of the following post-termination obligations: i) immediately cease to operate the Franchised Business; ii) not directly or indirectly represent or give the impression to the public that you were a present or former franchisee or were in anyway connected to the franchise system; iii) pay all amounts due to us, including actual and consequential damages, costs, and expenses incurred by us as a result of the default, within 5 days of the termination or expiration of the Franchise Agreement; iv) return the Manual, other proprietary information, and all materials containing trade secrets and confidential information that is owned or licensed by us; v) return or discontinue use of all forms, advertising materials, marks, devises, insignias, slogans, designs, signs, trade dress, and any computer systems including proprietary software and/or hardware; vi) cease to use any methods, procedures, or techniques associated with the franchise system in which we have a proprietary right, title, or interest; vii) discontinue the use of all copyrights, Proprietary Marks, trade names</p>

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		and Confidential Information associated with the operation of the Franchised Business; viii) take such action as may be necessary to cancel any fictitious, trade, or assumed name or equivalent registration that contains any Proprietary Marks or any variations thereof, and transfer and assign all telephone numbers to us; and ix) strictly comply with all other provisions of the Franchise Agreement pertaining to post-termination obligations, including, without limitation, the post-term covenant not-to- compete, the obligation of non-disclosure of Confidential Information, and the obligation of non-solicitation of our employees.
(j) Assignment of contract by franchisor	Section 20	We have the right to assign the Franchise Agreement and any or all its rights, obligations and privileges to any other person, firm or corporation without your prior consent. There is no restriction on our right to do so.
(k) "Transfer" defined	Section 20	A transfer, assignment, or division, whether voluntarily, involuntarily, or by operation of law, of any interest in the Franchise Agreement, any ownership interest in the business entity, or a transfer of any of your rights or obligations under the Franchise Agreement.
(l) Franchisor approval of transfer by franchisee	Section 20	You may not transfer the Franchised Business without our prior approval which may be granted or withheld in our discretion.
(m) Conditions for franchisor approval of transfer	Section 20	The conditions for our approval of a transfer, which may be granted or withheld in our discretion, are: i) you first notified us in writing of any bona fide proposed transfer so that we could exercise our right of first refusal; ii) the transferee meets the then-current standards and requirements for FP Franchising franchisees and does not own a business that competes with FP Franchising; iii) transferee executes the then-current form of the Franchise Agreement; iv) transferee completes the Initial Training Program to our satisfaction; v) you pay all amounts due to us and cure all breaches of the Franchise Agreement and any other agreement between

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		you and us; vi) you have complied with all material obligations under the Franchise Agreement or any other agreement or arrangement with us; vii) you sign a general release; and viii) either you or transferee pay the transfer fee.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 20	We have the right to match any offer to purchase the Franchised Business. All offers must first be submitted to us in writing and must set forth a complete description of all terms, conditions and fees of the proposed transfer. Within 30 days after our receipt of such notice, we may exercise our right of first refusal and accept the offer to purchase the Franchised Business upon the terms and conditions specified in the notice.
(o) Franchisor's option to purchase franchisee's business	Section 20 and 22	We have the right, but not the obligation, to purchase some or all the products and supplies at the Franchised Business and the equipment or signs which bear the Proprietary Marks at depreciated value within 30 days of the Termination Date or the Expiration Date.
(p) Death or incapacity of franchisee	Section 20	Upon Franchisee, its Owners, officers, directors, or guarantors' permanent disability, the executor, administrator, conservator or other personal representative shall transfer the interest in the Franchise Agreement or the ownership interest within a reasonable time, not to exceed 30 days from the date of permanent disability to a third party approved by us. Upon Franchisee's, its Owners', officers', directors', or guarantors' death, Franchisor has the right to purchase the Franchised Business for twice the EBITDA within a reasonable time, not to exceed 60 days, from the date of death.
(q) Non-competition covenants during the term of the franchise	Section 19	Franchisee, its Owners, officers, directors, and any guarantors shall not, either directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, engage in any Competitive Business, including, but not limited to, (i) any business offering (a) fitness services, (b) personal training services, or (c)

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		nutrition services, or (d) other services that are the same as or similar to services being offered by FP Franchising franchises or under the System (“Competitive Business”), or (ii) open any Competitive Business, anywhere within the Territory other than as a FP Franchising franchisee.
(r) Non-competition covenants after the franchise is terminated or expired	Section 19	Franchisee, its Owners, officers, directors, and any guarantors shall not, except as otherwise approved in writing by Franchisor, for a period of 3 years commencing upon the date of: (a) a transfer permitted under the Franchise Agreement; (b) expiration of the Franchise Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of the covenants not to compete or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business, including, but not limited to, any business, that: (i) offers or sells (a) fitness services, (b) personal training services, (c) nutrition services, or (d) other services that are the same as or similar to the services being offered by FP Franchising or under the System; and (ii) is, or is intended to be, located at the Approved Business Location or within the Franchisee’s Territory.
(s) Modification of the Franchise Agreement	Section 26	No amendment, change, or variance from the Franchise Agreement shall be binding upon either you or us except by mutual written agreement.
(t) Integration/merger clause	Section 28	Only the terms of the Franchise Agreement and other related written agreements are binding, subject to state law. Any other representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable. No claim made in any Franchise Agreement

THE FRANCHISE RELATIONSHIP		
Provision	Section in the Franchise Agreement	Summary
		is intended to disclaim the express representations made in this Franchise Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 24	Except for certain claims outlined in the Franchise Agreement, all controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform obligations arising out of or related to the Agreement; the relationship of the parties; the validity of the Agreement; or any aspect of the Franchised Business shall first be submitted by the parties to non-binding arbitration.
(v) Choice of forum	Section 24	If the parties first submit any controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform obligations to arbitration, and such claims are unable to be resolved through arbitration, then either party may initiate a suit, action or legal proceeding; provided, however, that such suit, action, or legal proceeding shall only be brought in the State or Federal courts whose jurisdiction encompasses the location of our then-current principal office (subject to applicable State law.)
(w) Choice of Law	Section 24	The Franchise Agreement shall be interpreted under the laws of the State of Illinois (subject to applicable State law.)

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote our franchise, control or manage the franchisor, or invest in the franchisor.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The below tables provide the actual historic gross sales for the months in which the franchised locations operating had the highest, lowest, average, and median monthly gross sales for the 2020, 2021 and 2022

fiscal year, as well as the average and median number of active members. Franchised locations that have been in operation for at least twenty-four (24) months have been included in the table below. Gross Sales are defined as the total sales.

There are seven (7) franchised locations that are included in the tables below. As a new franchisee, the results achieved by these existing locations may not be typical for your franchise. There is no assurance you'll do as well. If you rely upon these figures, you must accept the risk of not doing as well.

Some fitness centers have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

2019 Fiscal Year

Franchised Outlets		
	Month	Gross Sales
Highest Monthly Sales	October 2019	\$78,418.51
Lowest Monthly Sales	September 2019	\$24,554.07
Average Monthly Sales	January – December 2019	\$45,170.49
Median Monthly Sales	January – December 2019	\$44,299.89
Average Annual Gross Sales	January – December 2019	\$541,453.57
Median Annual Gross Sales	January – December 2019	\$545,911.37

Average Number of Active Members	1,275 active members
Median Number of Active Members	1,314 active members

2020 Fiscal Year

Franchised Outlets		
	Month	Gross Sales
Highest Monthly Sales	August 2020	\$85,463.68
Lowest Monthly Sales	July 2020	\$2,075.69
Average Monthly Sales	January – December 2020	\$36,063.66
Median Monthly Sales	January – December 2020	\$31,389.19
Average Annual Gross Sales	January – December 2020	\$432,763.93
Median Annual Gross Sales	January – December 2020	\$365,001.12

Average Number of Active Members	1,114 active members
Median Number of Active Members	1,065 active members

2021 Fiscal Year

Franchised Outlets			
	All Clubs	Clubs Under 6000 sq. ft.	Clubs Over 6000 sq. ft.
Highest Monthly Sales	\$77,999.16	\$41,611.89	\$77,999.16
Lowest Monthly Sales	\$13,434.32	\$23,893.41	\$13,434.32
Average Monthly Sales	\$40,953.65	\$31,041.09	\$44,257.84
Median Monthly Sales	\$38,382.65	\$28,655.28	\$39,382.64
Highest Annual Gross Sales	\$886,941.62	\$451,646.21	\$886,941.62

Lowest Annual Gross Sales	\$189,648.49	\$321,969.60	\$189,648.49
Average Annual Gross Sales	\$491,443.86	\$372,493.07	\$531,094.12
Median Annual Gross Sales	\$460,591.80	\$343,863.39	\$472,591.69
Highest % of Service revenue as a % of annual revenue	41.42%	33.17%	41.42%
Lowest % of Service revenue as a % of annual revenue	12.50%	28.92%	12.5%

	All Clubs	Clubs Under 6000 sq. ft.	Clubs Over 6000 sq. ft.
Average Number of Active Members	1,160	760	1,294
Median Number of Active Members	1,068	725	1,204

2022 Fiscal Year

Franchised Outlets			
	All Clubs	Clubs Under 6000 sq. ft.	Clubs Over 6000 sq. ft.
Highest Monthly Sales	\$92,109.01	\$42,356.73	\$92,109.01
Lowest Monthly Sales	\$24,033.31	\$24,033.31	\$11,666.70
Average Monthly Sales	\$49,650.78	\$31,627.00	\$50,309.66
Median Monthly Sales	\$46,393.11	\$30,102.41	\$46,633.99
Highest Annual Gross Sales	\$1,083,367.55	\$456,417.78	\$1,083,367.55
Lowest Annual Gross Sales	\$320,925.12	\$320,925.12	\$157,504.34
Average Annual Gross Sales	\$595,809.33	\$379,523.95	\$603,715.95
Median Annual Gross Sales	\$478,032.33	\$379,523.95	\$559,607.98
Highest % of Service revenue as a % of annual revenue	38.51%	29.09%	38.51%
Lowest % of Service revenue as a % of annual revenue	11.27%	22.79%	11.27%

	All Clubs	Clubs Under 6000 sq. ft.	Clubs Over 6000 sq. ft.
Average Number of Active Members	1,191.8	720.3	1,215
Median Number of Active Members	1,191.8	676	1,237

Note 1: During the 2020 fiscal year, our franchised locations were subject to various state and local orders and regulations which required the locations be closed or operate under limited capacity due to restrictions related to and as a result of the COVID – 19 pandemic. These state and local orders varied widely from location to location.

Note 2: All of the franchised locations included in this Item 19 began as corporate locations that were subsequently sold and converted to franchised locations. These franchised locations are as follows: Fitness Premier Beecher, Fitness Premier Bourbonnais, Fitness Premier Champaign, Fitness Premier Crete, Fitness Premier Manteno, Fitness Premier Minooka and Fitness Premier Monee.

Note 3: For a complete list of Franchisees, please refer to **Exhibit C**.

Actual results vary from location to location as well as other factors beyond our control. Your financial results, including Gross Sales, are likely to differ from the results reported in this Item 19. Factors that

could cause different results include your location, the dedication, knowledge, and experience of your principals and employees, local and regional differences in demand for fitness clubs, lack of name recognition in the community, existing and future competition, the general state of the local, regional or national economy, and other market conditions in general, none of which we can predict, control or accept responsibility for.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
System Wide Outlet Summary
for 2018 – 2022**

SYSTEM WIDE OUTLET SUMMARY				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2018	4	7	+3
	2019	7	8	+1
	2020	8	9	+1
	2021	9	12	+3
	2022	14	15	+1
Company-Owned Outlets	2018	3	2	-1
	2019	2	3	+1
	2020	3	3	0
	2021	3	2	-1
	2022	2	2	0
Total Outlets	2018	7	9	+2
	2019	9	11	+2
	2020	11	12	+1
	2021	12	14	+2
	2022	16	17	+1

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
for 2018 – 2022**

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS		
State	Year	Number of Transfers
IL	2018	0
	2019	0
	2020	0
	2021	1
	2022	1
All States – Total	2018	0
	2019	0
	2020	0
	2021	1
	2022	1

**Table No. 3
Status of Franchised Outlets
for 2018 – 2022**

STATUS OF FRANCHISED OUTLETS								
State	Year	Outlets at Start of the Year	Outlets Opened	Terminated	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
IL	2018	3	3	0	0	0	0	6
	2019	6	3	0	0	2	0	7
	2020	7	1	0	0	0	0	8
	2021	8	3	0	0	0	0	11
IN	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	1	0	0	0	1
All States Total	2018	4	3	0	0	0	0	7
	2019	7	3	0	0	2	0	8
	2020	8	1	0	0	0	0	9
	2021	9	4	1	0	0	0	12

**Table No. 4
Status of Company Owned Outlets
for 2018 – 2022**

STATUS OF COMPANY OWNED OUTLETS							
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
IL	2018	3	0	0	0	1	2
	2019	2	0	2	0	1	3
	2020	3	0	0	0	0	3
	2021	3	0	0	1	0	2
	2022	2	0	0	0	1	2
All States Total	2018	3	0	0	0	1	2
	2019	2	0	2	0	1	3
	2020	3	0	0	0	0	3
	2021	3	0	0	1	0	2

Table No. 5
Projected Openings
as of February 2, 2023

PROJECTED OPENINGS			
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
GA	1	2	0
IL	0	2	0
IN	0	0	0
WI	0	2	0
All States Total	2	12	0

Exhibit C to this Disclosure Document is a list of our franchises and outlet owners as of the end of our last fiscal year, and the addresses and telephone numbers of their FP Franchising franchises.

Exhibit D is the name, city and state, and current business telephone number of the franchisees who had an outlet terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise system during the last fiscal year, or who have not communicated with us within ten (10) weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the System that have been either: (i) created, sponsored, or endorsed by us, or (ii) incorporated or otherwise organized under state law and which have asked us to be included in our disclosure document during the next fiscal year.

No franchisees have signed confidentiality clauses during our last three (3) fiscal years.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit F** are our audited financial statements for the fiscal years ending December 31, 2019, December 31, 2020, December 31, 2021, and December 31, 2022. The Franchisor’s fiscal year end date is December 31.

ITEM 22
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

Exhibit A – List of State Administrators

Exhibit B – Franchise Agreement

Exhibit A – Territory and Approved Business Location

Exhibit B – Ownership Verification

Exhibit C – Personal Guaranty

Exhibit D – Sample Confidentiality, Non-Disclosure and Non-Competition Agreement

Exhibit E – Security Agreement

Exhibit F – Electronic Funds Transfer Form Exhibit G – Consulting Agreement

Exhibit G – Lease Rider

Exhibit C – List of Current Franchisees

Exhibit D – List of Franchisees Who Have Left the System

Exhibit E – Operating Manual - Table of Contents

Exhibit F – Financial Statements

Exhibit G – List of Agents for Service of Process

Exhibit H – State Specific Disclosures and State Specific Addenda to Agreements

Exhibit I – Form of Franchise Compliance Certification

Exhibit J – Disclosure Document Receipt (last page of Disclosure Document)

**ITEM 23
RECEIPT**

Exhibit J to this Disclosure Document contains two (2) receipt pages by which you acknowledge your receipt of this Disclosure Document with an Issuance Date of, 2023. One of the copies is for your records. The other one must be signed, dated and returned to us at Jason Markowicz at 530 W. North Street Suite 105 Manhattan, IL 60442 or by email at mjmarkowicz@fitnesspremierclubs.com.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

State offices administering franchise disclosure laws:

<p><u>California</u></p> <p>Department of Business Oversight One Sansome Street, Suite 600 San Francisco, California 94104</p> <p>Department of Business Oversight 320 W. 4th Street, Suite 750 Los Angeles, California 90013</p> <p>Department of Business Oversight 1515 K. Street, Suite 200 Sacramento, California 95814 (866) 275-2677 Toll Free</p>	<p><u>Nebraska</u></p> <p>Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, Nebraska 68509</p>
<p><u>Connecticut</u></p> <p>Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103</p>	<p><u>New York</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, New York 10005 212-416-8285</p>
<p><u>Florida</u></p> <p>Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, Florida 32399-6500</p>	<p><u>North Carolina</u></p> <p>Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, North Carolina 27603-5909</p>
<p><u>Hawaii</u></p> <p>Commissioner of Securities Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>North Dakota</u></p> <p>North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>

<p><u>Illinois</u></p> <p>Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p><u>Rhode Island</u></p> <p>Department of Business Regulation JOHN O. PASTORE COMPLEX 1511 Pontiac Avenue Bldg. 69, First Floor Cranston, Rhode Island 02920</p>
<p><u>Indiana</u></p> <p>Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204</p>	<p><u>South Carolina</u></p> <p>Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201</p>
<p><u>Kentucky</u></p> <p>Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, Kentucky 40601-8204</p>	<p><u>South Dakota</u></p> <p>Department of Labor and Regulation Division of Securities 124 Euclid, Suite 104 Pierre, South Dakota 57501</p>
<p><u>Maine</u></p> <p>Department of Professional and Financial Regulations Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333</p>	<p><u>Texas</u></p> <p>Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701</p>
<p><u>Maryland</u></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202</p>	<p><u>Utah</u></p> <p>Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114</p>
<p><u>Michigan</u></p> <p>Department of the Attorney General Consumer Protection Division, Franchise Section 525 Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933</p>	<p><u>Virginia</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 East Main Street Richmond, Virginia 23219</p>

<p><u>Minnesota</u></p> <p>Minnesota Department of Commerce Commissioner of Commerce 85 7th Place East, Suite 600 St. Paul, Minnesota 55101</p>	<p><u>Washington</u></p> <p>Department of Financial Institutions Securities Division 150 Israel Road Southwest Olympia, Washington 98501</p>
	<p><u>Wisconsin</u></p> <p>Division of Securities Department of Financial Institutions 345 West Washington Avenue Madison, Wisconsin 53703</p>

The address of the United States Federal Trade Commission is:
Federal Trade Commission
Washington D.C. 20580

EXHIBIT B
FRANCHISE AGREEMENT

FP FRANCHISING, LLC
An Illinois Limited Liability Company



FITNESS
PREMIER

530 W. North Street, Suite 105
Manhattan, IL 60442 (708) 670-2371
jmarkowicz@fitnesspremierclubs.com

Unit Franchise Agreement

Franchisee:

Date:

Franchised Location:

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EXHIBITS

Exhibit A	– Territory and Approved Business Location
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Exhibit E	– Security Agreement
Exhibit F	– Electronic Funds Transfer Form
Exhibit G	– Consulting Agreement
Exhibit H	– Lease Rider

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is effective as of _____, 20__ (“Effective Date”) by and between FP Franchising, LLC, an Illinois limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

RECITALS

Franchisee hereby acknowledges receipt of FP Franchising, LLC’s Franchise Disclosure Document, including a copy of this Franchise Agreement (“Agreement”), containing all its material terms, at the earlier of: (i) fourteen (14) calendar days before signing this Agreement or any related agreement(s); or (ii) fourteen (14) calendar days before any payment was made by Franchisee to Franchisor.

This Agreement is concerned with the offer and sale of a franchise for the establishment and operation of a FP Franchising franchise (“Franchised Business”), a business that provides fitness services and systems through affordable membership programs under the tradename, “Fitness Premier.” The proprietary training and programs for establishing and operating a franchise; the Confidential Operations Manual; sample contracts, agreements, and other template documents; training curriculum; and any other information, tangible and intangible, whether spoken, printed, electronic or any other form or medium provided to Franchisee by Franchisor during the Term of this Agreement (the “System”) may be improved, further developed, or otherwise modified by Franchisor in its sole discretion from time to time.

Franchisee hereby acknowledges that Franchisor owns the System and Franchisee aspires to obtain a franchise to operate the Franchised Business utilizing the concepts, methods, and techniques of the System, which Franchisor may in its sole discretion modify from time to time. Franchisee has submitted to Franchisor an application and other pertinent information, including any financial information requested by Franchisor, which fully and truthfully sets forth the information therein, and Franchisee has further advised Franchisor of all persons who will hold interests in the franchise. Franchisee acknowledges that Franchisor is relying upon such information, including the business skill, financial capacity, and character of Franchisee and its principals, in granting Franchisee a license to operate a Fitness Premier franchise.

Franchisee hereby acknowledges that Franchisee has read this Agreement and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor’s standards of quality and service and to protect and preserve the trademarks and goodwill associated therewith.

Franchisee acknowledges that the success or failure of its Fitness Premier franchise will depend in large part upon Franchisee’s skills and abilities, competition from other businesses, and other economic and business factors.

THEREFORE, Franchisor and Franchisee, intending to be legally bound, for and in consideration of the covenants hereinafter following, do covenant and agree:

SECTION 1 GRANT OF LICENSE

Upon the terms and conditions of this Agreement, Franchisor hereby grants Franchisee the right to use the Proprietary Marks and System and to operate a Fitness Premier franchise. Franchisee agrees to operate the Franchised Business in accordance with the System and this Agreement and solely in the approved Territory. Franchisee shall not open the Franchised Business for business to the public without written

authorization from the Franchisor or to change the Territory of the Franchised Business thereafter without prior written authorization from the Franchisor.

In all dealings with third parties, including, without limitation, customers and employees, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity operating under a franchise granted by FP Franchising. Franchisee shall submit all applications and enter into all contracts in its designated corporate name or such other fictitious names, which have been approved by Franchisor. Nothing in this Agreement is intended by the parties to create a fiduciary relationship between them, nor to constitute Franchisee or Franchisee's employees or contractors as an agent, legal representative, subsidiary, joint venture, partner, or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty, or representation or to create or imply any obligation on behalf of Franchisor.

Franchisee's Owners, officers, and directors, as a condition of entering into this Agreement, must execute a personal guaranty in favor of Franchisor in the same form, or substantially similar form, as the personal guaranty attached to this Agreement as **Exhibit C**.

SECTION 2 TERM AND RENEWAL

A. Initial Term.

The term of this Agreement shall begin on the date first set forth above and shall expire on the date that is ten (10) years after the Effective Date (the "Initial Term").

B. Renewal Term.

Upon expiration of this Agreement, Franchisee shall have the option to renew the Agreement for an additional ten (10) year period. The conditions for renewal require that:

- Franchisee provides Franchisor with at least twelve (12) months' written notice before expiration of this Agreement of its intent to renew;
- Franchisee is not in default or in violation of this Agreement or any other agreement with Franchisor or its Affiliates;
- Franchisee has paid all monetary obligations owed to Franchisor and its Affiliates;
- Franchisee has completed all required additional training;
- Franchisee signs the then-current standard Franchise Agreement which may contain terms and conditions that are materially different from those in the original Agreement; and
- Franchisee pays a Renewal Fee equal to 50% of the then-current Initial Franchise Fee.

If Franchisee does not comply with the conditions for renewal, Franchisee agrees that Franchisor shall be deemed to have good cause to refuse to renew the Agreement. Failure or refusal by Franchisee to execute any agreements, instruments, and/or documents required by Franchisor in connection with such renewal within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the Agreement.

**SECTION 3
INITIAL FRANCHISE FEE**

Franchisor offers three different franchise options: an option for one (1) franchise; an option for two (2) franchises; and an option for three (3) franchises. The Initial Franchise Fee for these options are as follows:

NUMBER OF FRANCHISES	INITIAL FRANCHISE FEE
1	\$49,500.00
2	\$35,000.00
3	\$25,000.00

The Initial Fee is fully earned by Franchisor when Franchisee signs the Franchise Agreement and is not refundable except under the circumstances outlined in this Franchise Agreement. If the Franchised Business is not open for business within one hundred eighty (180) days of receiving approval of the Approved Business Location, Franchisor may terminate the Franchise Agreement and will refund you 50% of your Initial Fee.

Franchisee must sign a separate Franchise Agreement for each franchise unit.

Franchisor provides a ten percent (10%) discount on the Initial Franchise Fee for qualified veterans.

**SECTION 4
FRANCHISEE REFERRAL PROGRAM**

Franchisor has established a Franchisee Referral Program and encourages referrals for prospective franchisees from existing franchisees. Under the program, Franchisor offers a referral fee of \$5,000.00 to the existing franchisee who referred the individual; provided, however, that the individual, or their entity, becomes a FP Franchising franchisee and executes the then-current Franchise Agreement. The Referral Fee will be paid to the referring franchisee within thirty (30) days from the opening date of the new franchise. Franchisor reserves the right to modify or discontinue the Franchisee Referral Program at any time.

**SECTION 5
TERRITORY**

A. Territory

During the initial term of this Agreement (and any subsequent renewal term), and provided Franchisee is not in default of this Agreement or any other agreement between Franchisor and Franchisee, neither Franchisor, nor any of its Affiliates, shall open for business to the public, grant a franchise, license or otherwise authorize any other person or entity to open for business to the public, a FP Franchising franchise within the area designated on the attached **Exhibit A** (the "Territory"). The continuation of Franchisee's rights in its Territory is dependent on achieving a minimum annual Gross Sales of \$180,000.00 beginning after your first fiscal year of operation ("Minimum Performance Standard").

Franchisee is not restricted from selling authorized products and services to customers residing outside of its Territory; provided, however, that Franchisee is only permitted to sell the authorized products and services at and from the Approved Business Location. Otherwise, Franchisee is not permitted to solicit consumers outside of its Territory.

B. Rights Reserved

Except as otherwise provided, Franchisor and its Affiliates retain the right to:

- Operate and grant others the right to operate a FP Franchising franchise anywhere outside of your Territory;
- Develop, operate and grant others the right to operate any future concepts that are not included within the System at any location anywhere;
- Use and license the use of other proprietary marks or methods which are not a part of the System at any location anywhere;
- Operate any fitness centers or health clubs (whether under development or already in operation) included in any business acquisition at any location anywhere; and
- Distribute or license the manufacture or distribution of products or training programs through other channels of distribution, including, but not limited to the Internet or through consulting services regardless of whether such products are authorized for FP Franchising franchises or are distributed or licensed under the Proprietary Marks.

SECTION 6 SITE SELECTION

A. Approved Business Location

Franchisee must select a site for the Franchised Business within the approved Territory, subject to Franchisor's approval, within six (6) months after execution of this Franchise Agreement. In the event Franchisee does not have an Approved Business Location within six (6) months after execution of the Agreement, Franchisor may terminate the Agreement. If the Agreement is terminated under these circumstances, Franchisor will refund Franchisee 50% of the Initial Fee that Franchisee paid.

Franchisor will provide Franchisee with assistance in selecting a site for the Franchised Business by reviewing the business site for compliance with Franchisor's specifications and standards and approving the business site as applicable. The factors that will be considered in reviewing and approving the business site are:

- Whether there is easy access to parking (parking must allow for at least 40 spaces);
- What the total population is within a one (1), three (3), five (5), and ten (10) mile radius to the proposed location;
- Whether the location is Highly visible; and
- A competitive analysis assessing fitness centers/health clubs in the proposed location.

Franchisee is permitted to lease the Approved Business Location, but Franchisee is not permitted to execute a lease for the Approved Business Location without Franchisor's prior written approval. Franchisor's

approval of the form of the lease for the Approved Location will be conditioned on, but not limited to, said lease incorporating the terms of Franchisor's form of Lease Rider, which is attached hereto as Exhibit H. Franchisor shall have the right to accept or reject the terms of any lease for the Approved Business Location in our sole discretion.

B. Build-Out of the Approved Business Location

The initial build-out of the Approved Business location must comply with Franchisor's standards and specifications and must be completed within three (3) months of receiving approval of the Approved Business Location. If Franchisor requires Franchisee, or Franchisee elects, to perform construction work or significant renovations or refurbishment of the Approved Business Location that affects the design, character, or appearance of it, Franchisee must obtain prior approval from Franchisor for any such construction work or significant renovations or refurbishment. Any such work must comply with Franchisor's standards and specifications.

Franchisor's approval of any location site, lease, construction work, or significant renovations or refurbishment does not warrant, represent, guarantee, or assure that the Franchised Business will be successful, profitable, or meet Franchisee's expectations, and Franchisor's approval is limited solely to reviewing and confirming the business site's compliance with Franchisor's Specifications and Standards. Additionally, Franchisor will provide Franchisee with a sample set of standard building plans and specifications for design, decoration, layout, equipment, furniture, fixtures and signs. Except for Franchisee's own uses related to the construction or operation of the Franchised Business, Franchisee shall not reproduce, use or permit the use of any of the design concepts, drawings, or standards without Franchisor's prior approval.

Franchisor reserves the right to require Franchisee to renovate the Franchised Business every five years and such renovations may require Franchisee to invest additional capital.

Franchisee agrees that Franchisee, and not Franchisor or its Affiliates, is responsible for:

- Ensuring that any design, working drawings, specifications, construction, renovation, or refurbishment complies with any applicable law, including any requirements relating to disabled persons;
- Any errors or omissions;
- Discrepancies (of any nature) in any drawings or specifications; and
- Causing the discharge or release of record of any and all liens which may be recorded or perfected or which may otherwise attach to all or any portion of the Franchised Business as result of work done by or for the Franchisee within ten (10) days after notification of the existence of any such lien.

C. Relocation

Franchisee shall not change the Territory of the Franchised Business or the Approved Business Location without Franchisor's prior written authorization. Franchisor reserves the right to approve or deny Franchisee's relocation request in Franchisor's discretion based upon, without limitation, Franchisor's own business judgment, Franchisee's compliance with the Franchise Agreement, and the proposed new

Territory. In the event Franchisor approves Franchisee's relocation request, Franchisee will be required to pay Franchisor a Relocation Fee of \$2,500.00.

SECTION 7 OPENING AND OPERATION OF THE FRANCHISED BUSINESS

A. Opening of the Franchised Business

Franchisee shall not open the Franchised Business for business to the public without written authorization from the Franchisor. Franchisee must open the Franchised Business to the public within one hundred eighty (180) days of receiving approval of the Approved Business Location, unless otherwise authorized in writing by the Franchisor. In the event Franchisee fails to open the Franchised Business within the specified time period, Franchisor may terminate this Franchise Agreement and will refund Franchisee 50% of the Initial Fee.

B. Operation of the Franchised Business

The Franchised Business shall only be operated by the Franchisee and/or its Manager who have completed the initial training to the satisfaction of the Franchisor. Franchisee shall notify Franchisor in writing of the Manager's identity at the time of hire, and shall subsequently notify Franchisor of any changes in the Manager's employment status. If at any time a new Manager is employed by Franchisee, such managers must complete the Initial Training Program to the satisfaction of the Franchisor within thirty (30) days of hiring.

Franchisee is solely responsible for recruiting, hiring, firing, and supervising employees to operate the Franchised Business and the terms and conditions of their employment. The employees of the Franchised Business will only be employees of Franchisee, and are not employees or agents of the Franchisor.

C. Franchisor's Step-In Rights

Franchisee shall operate the Franchised Business in accordance with the standards, specifications, and procedures set forth in the Operations Manual ("Manual") or as otherwise directed in writing by the Franchisor. Franchisee shall comply with any modifications to the standards, specifications, and procedures in the Manual, or as otherwise directed in writing by the Franchisor. If, in the Franchisor's judgment, the Franchised Business is not being managed properly, the Franchisor may, but need not, assume the Franchised Business's management. All funds from the Franchised Business's operation while the Franchisor assumes its management will be kept in a separate account, and all of Franchisor's expenses will be charged to this account, including all travel, food, and lodging expenses incurred in the course of providing such services. Franchisor may charge Franchisee, in addition to the Royalty Fee and Continuing Assistance Fee due under this Agreement, a reasonable management fee designated by the Franchisor, plus the Franchisor's direct out-of-pocket costs and expenses for managing the Franchised Business. In the event the Franchisor assumes management of the Franchised Business, the Franchisor has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Franchised Business incurs, or be liable to any of Franchisee's creditors.

Notwithstanding the foregoing, prior to the Franchisor operating the Franchised Business pursuant to the terms of this Section 7(C), the Franchisor shall have provided the Franchisee with notice of the nature and extent of Franchisee's failure to comply with the operational requirements, standards, and specifications of

this Agreement and the reasonable opportunity to cure the failure, as long as the opportunity to cure is expressly provided for under this Agreement.

D. Destruction or Damage

If a cause other than a voluntary act of Franchisee destroys or damages the Franchised Business so that it cannot continue to operate, Franchisee shall repair and restore it to Franchisor's then-existing specifications. The Franchised Business shall be open and operating no later than three (3) months from the date of the destruction or damage, unless otherwise authorized by Franchisor in writing. In the event the Franchised Business fails to open within the specified time period, Franchisor may terminate this Franchise Agreement.

SECTION 8 TRAINING

A. Initial Training

Within ninety (90) days after you sign the Franchise Agreement, Franchisee and its Manager are required to attend and successfully complete our Initial Training Program. The training period will be at least five (5) days and will take place at Franchisor's principal place of business or another location designated by Franchisor and participation in the weekly management training program either remotely via Zoom or in person for the first six (6) months. All courses will be taught on a quarterly basis, but may be offered more often as necessary. The initial training program is mandatory for at least one owner of the Franchisee and the Franchisee's Manager. Franchisor reserves the right to modify the Initial Training Program in its sole discretion.

Although the cost of the Initial Training Program is covered by the Initial Franchise Fee, Franchisee is responsible for the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, food, automobile rental costs and all other expenses Franchisee and its employees incur in attending the training.

Franchisee and its Manager must complete the Initial Training Program to the Franchisor's satisfaction prior to the opening of the Franchised Business. In the event Franchisee fails to complete the initial training program to the Franchisor's satisfaction, Franchisor may terminate this Agreement.

B. Pre-Opening On-Site Training

Franchisor will provide Franchisee with an opening supervisor and pre-opening on-site training at least three (3) days before the opening of the Franchised Business. The opening supervisor will ensure that Franchisee has all the support necessary to open the franchise in a timely manner and oversee the pre-opening on-site training.

C. Additional Training

Franchisor will provide Franchisee with two (2) hours of weekly support call for the first twelve months. Franchisor reserves the right to require Franchisee and/or its employees to participate in ongoing online training and/or mandatory additional in-person training and Franchisor may, in its sole discretion, charge a fee for participating in such additional training. Such on-going training may take place at an annual convention in Franchisor's sole discretion. Franchisee will be responsible for all travel, lodging, meals, and

other expenses incurred by Franchisee, its Manager, and/or its employees in attending the additional training and yearly retreat.

SECTION 9 OPERATIONS MANUAL AND SYSTEM OPERATING PROCEDURES

Franchisor shall loan Franchisee one copy of the confidential Operations Manual during the initial term of this Franchise Agreement. The requirements of the Manual shall govern the operation of the Franchised Business. The standards and specifications are based upon the founder's experience operating businesses of the type being franchised and the best practices in the industry. Franchisor may modify the requirements and the Manual at any time and in its sole discretion as it deems necessary.

Franchisee shall operate the Franchised Business in accordance with the standards, specifications, and procedures set forth in the Manuals and shall comply with any modifications to the standards, specifications, and procedures in the Manual, or as otherwise directed in writing by the Franchisor. Franchisee understands and acknowledges that such compliance may require Franchisee to incur increased costs.

Franchisee must keep the Manual in a secure place at the Franchised Business. In the event the Manual is misplaced or stolen, Franchisee must immediately report it to the Franchisor and request a replacement Manual. Franchisee must pay a Lost Manual Fee of \$200.00 per Manual at the time the replacement Manual is provided to Franchisee.

SECTION 10 AUTHORIZED PRODUCTS AND APPROVED SUPPLIERS

A. Authorized Products

Franchisee shall only offer authorized services and products within the Territory and from the Approved Business Location. Franchisor has the right, without limit, to modify, add, or enhance the types of authorized products and services Franchisee is required to offer.

B. Approved Suppliers

Franchisee shall purchase all products necessary for the operation of the Franchised Business from distributors and suppliers that meet the Franchisor's standards and specifications, which may include and be limited to, the Franchisor and its Affiliate. Currently, Franchisor's Affiliate, Premier Total Solutions, is the exclusive provider of back-end office support including but not limited to software support, payroll, and human resources services and Franchisee is required to enter into a Consulting Agreement with Premier Total Solutions. The Consulting Agreement is attached hereto and incorporated by reference as **Exhibit G**. Additionally, RetterTEK is the exclusive supplier for providing ongoing maintenance, repairs, upgrades, or updates to the required computer systems and IT services.

Franchisee must purchase certain products, supplies, equipment, materials, services, and other products required for operation in the Franchised Business from designated suppliers approved by Franchisor. The products Franchisee is required to purchase, and the Approved Suppliers List, are contained in the Manual that Franchisee will receive upon signing the Franchise Agreement. Franchisor may modify the Manual from time to time, including the Approved Suppliers List and required purchases, and Franchisee must comply with all modifications and additions made to the Manual, the required purchases, and Approved Supplier List.

Franchisee may request to obtain approval for a new supplier by submitting such request, including the basis for the request, in writing to the attention of Kathy Mecklenburg, Director of Operations, at Premier Total Solutions. Franchisee's request should include comparative pricing, the reasons the request should be approved, and a product sample if applicable. Franchisee will be required to pay the costs Franchisor and its Affiliate incurs for testing samples and evaluating the potential new supplier. Supplier approval is made on a case-by-case basis, and determined by Franchisor, in its sole discretion. The factors that will be considered in evaluating potential new suppliers are quality; the service offered, pricing; and reliability. Franchisee will be notified of approval or disapproval in writing of the requested supplier within thirty (30) days of submitting all the necessary information Franchisor needs to evaluate the supplier.

Franchisor reserves the right to deny or revoke approval of any supplier at any time and for any reason. Franchisee will be notified of any changes in the approval status of a supplier and Franchisee is responsible for immediately terminating its relationship with a supplier if the supplier's approval is revoked. Furthermore, Franchisee must immediately cease the use and purchase of any subsequently disapproved goods and/or services. Franchisee will be responsible for ensuring that all goods and services conform to Franchisor's standards and specifications.

SECTION 11 FITNESS EQUIPMENT

Franchisee will be required to purchase and maintain all exercise equipment designated by Franchisor in the Manual or in writing by the Franchisor for the operation of the Franchised Business. The equipment must be purchased from approved suppliers. In the event Franchisee desires to purchase equipment in addition to the required equipment, or to purchase required equipment from a supplier that has not been approved by Franchisor, Franchisee must submit the request in accordance with the procedure outlined in Section 10 of this Franchise Agreement. Fitness equipment costs are typically financed and excluded from cash needed up-front.

SECTION 12 COMPUTER AND SOFTWARE REQUIREMENTS

Franchisee must purchase, or lease, and install such computer hardware, modems, printers, and other computer-related equipment that meet Franchisor's standards and specifications outlined in the Operations Manual or otherwise designated by Franchisor in writing. Franchisee's computer system must meet or exceed the following requirements:

- Dual Core CPU, Intel I3, or AMD A4 series or above;
- 4GB RAM; and
- Windows 7, 8, or 10 Professional version.

If Franchisee desires to purchase or lease a Dell, Lenovo, or HP computer, it must be a commercial grade PC as opposed to residential grade. Franchisee is required to contract with RetterTEK to provide Franchisee with ongoing maintenance, repairs, upgrades, or updates to the required computer systems and IT services. Franchisee is responsible for negotiating the cost for such services with RetterTEK.

Franchisor maintains a software licenses with vendors to provide Franchisee with all client management, billing, reporting, educational platforms, and the Customer Relationship Management system. Franchisee is required to utilize the designated software in the operation of the Franchised Business. Additionally,

Franchisee is required to purchase or lease credit card swipers, bar code readers, Open Path 24-hour access system, software, and other electronic accessories from approved suppliers to operate the Franchised Business.

Franchisor reserves the right, without limitation, to modify or supplement the hardware or software required in the operation of the Franchised Business and Franchisee may be required to make and install substantial modifications to the computer system, software, or hardware during the initial term of the Franchise Agreement to efficiently operate the Franchised Business.

Franchisee acknowledges and agrees that Franchisor has the free and unfettered right to retrieve such data and information stored on Franchisee's hard drive, either internally or externally, as Franchisor deems necessary, desirable, or appropriate. The business information or data that will be collected or generated includes, but is not limited to, sales data, client data, statistics, and income and expense data, including Profit & Losses and Balance Sheets.

SECTION 13 INSPECTIONS

A. Pre-Opening Inspection

Franchisor will conduct a Pre-Opening Inspection of the Franchised Business to ensure Franchisee is complying with Franchisor's standards and specifications. Franchisee shall not open the Franchised Business to the public without written authorization from Franchisor after the Pre-Opening Inspection.

Franchisee acknowledges and agrees that Franchisor's authorization for opening the Franchised Business is limited solely to reviewing and confirming compliance with Franchisor's standards and does not warrant, represent, guarantee, or assure that the Franchised Business will be successful, profitable, or meet Franchisee's expectations.

B. Post-Opening Inspections

Franchisee will operate the Franchised Business using the System and in compliance with all the terms of this Agreement, the Manual, and as otherwise directed in writing by the Franchisor. Franchisor will conduct Post-Opening Inspections of the Franchised Business on a quarterly basis to determine compliance with Franchisor's standards and specifications, the Manual, and this Agreement. Franchisor may, without prior notice to the Franchisee, inspect the Franchised Business and its operations more often than quarterly if Franchisor deems it necessary to determine Franchisee's compliance with the Franchisor's standards and specifications, the Manual, and this Agreement.

Franchisee acknowledges and agrees that Franchisor's personnel or designated agent have the right to enter the Franchised Business and attend and observe its operations at any reasonable time for the purpose of inspecting the Franchised Business, evaluating the services provided, auditing the Franchised Business, and all other purposes necessary to determine that the Franchised Business is being operated in accordance with the terms of this Agreement, the Manual and as otherwise directed in writing by the Franchisor. Franchisee agrees to remedy any defects, deficiencies, or unsatisfactory conditions discovered at the Franchised Business within seven (7) days after receiving written notice from the Franchisor, unless the item is related to public safety, in which case the item will be required to be remedied as soon as practicable.

SECTION 14 FEES

A. Definition of Gross Sales

The term “Gross Sales” for purposes of determining the amount due to the Franchisor is defined to include the total revenues derived by the Franchised Business from all sales, whether for cash, check, credit, or otherwise, without reserve or deduction for inability or failure to collect the same and whether such business is conducted in compliance with, or in violation of, the terms of the Franchise Agreement. Gross Sales does not include refunds to customers, credits, discounts or the amount of any sales taxes or other similar taxes that you might be required to collect, and do collect, from customers to be paid to any federal, state, or local taxing authority.

B. Royalty Fee

Franchisee shall pay to Franchisor a monthly Royalty Fee of six percent (6%) of Franchisee’s total Gross Sales. The monthly Royalty Fee must be received by Franchisor no later than the fifth (5th) day of the following month. The Royalty Fee shall be paid by electronic funds transfer (“EFT”) from Franchisee’s bank account through an automatic debit system. During the term of the Franchise Agreement, Franchisee must provide Franchisor with a weekly report of the Gross Sales for your Franchised Business. The report shall be in a form specified by Franchisor and shall fully disclose all information requested. Franchisee must also supply documentation supporting the information disclosed on the reports upon Franchisor’s written request.

C. Technology, Marketing and App Fee

Franchisee shall pay to Franchisor a monthly Technology, Marketing and App Fee of \$450-\$1,100 per month. The monthly Technology, Marketing and App Fee must be received by Franchisor no later than the first (1st) day of the following month. The Technology, Marketing and App Fee shall be paid by electronic funds transfer (“EFT”) from Franchisee’s bank account through an automatic debit system.

D. Fit Wave Training Fee

We provide a required training with specific protocol and intellectual property further defined in the Operations Manual. FP Franchising franchisees can choose between three options and the monthly cost, depending on the option selected, will range from \$49-\$199 a month.

E. Continued Assistance Fee

Franchisor’s Affiliate, Premier Total Solutions, will provide Franchisee with the following Business Systems for use in operating your Franchised Business in exchange for the Continued Assistance Fee of \$3,150.00 per month:

- Software Support;
- Payroll and other human resource services; and
- Other back end support as provided for in the Consulting Agreement attached to the Franchise Agreement as Exhibit G.

The monthly Continued Assistance Fee must be received by Premier Total Solutions no later than ten (10) days after receiving an invoice from Premier Total Solutions or as otherwise designated by Premier Total Solutions. Franchisor has the right, without limitation, to modify, add, or enhance the types of business systems provided to Franchisee in exchange for the Continued Assistance Fee. For franchisees who open 5 or more locations, the fee is cut in half for the 6th, 7th, and subsequent locations to \$1,575 dollars per month.

F. Business Consulting Fee

Upon Franchisee's written request, Franchisor will provide you with consulting services at Franchisee's Franchised Location. Franchisee must pay Franchisor the Business Consulting Services Fee in exchange for such services. The Business Consulting Fee is currently set at Seventy – Five Dollars (\$75) per hour. Franchisor has the right, without limitation, to modify the amount of the Business Consulting Services Fee in its discretion.

G. National Marketing Fund

At this time, Franchisor has not established a National Marketing Fund ("Marketing Fund"), but reserves the right to establish a Marketing Fund in the future. In the event a Marketing Fund is established, Franchisee must contribute, monthly, an amount equal to one percent (1%) of Franchisee's total monthly Gross Sales of your Franchised Business. Franchisor reserves the right to increase or decrease the amount of the required contribution in its discretion; provided, however, the required contribution will not exceed more than three percent (3%) of the total monthly Gross Sales of the Franchised Business. Franchisor may, in its sole discretion, decide to terminate or suspend the Marketing Fund at any time. If a Marketing Fund is established, FP Franchising franchises owned by Franchisor and its Affiliates may, but shall not be obligated to, contribute to the Marketing Fund on the same basis as franchisees.

In the event a Marketing Fund is established, Franchisor shall have the exclusive right to direct all marketing programs financed by the Marketing Fund, including the right to control the creative concepts, materials, and endorsements. Franchisor shall have the right to determine the geographic market, media placement, and allocation of the Marketing Fund and has no obligation to administer the Marketing Fund in such a manner as to ensure that expenditures by the Marketing Fund in any geographic area are proportionate or equivalent to the contributions to the Marketing Fund made by FP Franchising franchisees operating in any geographic area, or that Franchisee will benefit directly or in proportion to Franchisee's contribution to the Marketing Fund, from the conduct of marketing programs, or the placement of advertising.

If a Marketing Fund is established, it may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs including purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firm to assist with marketing and advertising; and providing marketing materials to franchisees. The Marketing Fund may also be used to meet any and all costs reasonably related and incident to administering the Marketing Fund and its related programs, including administrative costs. Under no circumstance would Franchisor use more than ten percent (10%) of the Marketing Fund to solicit new franchisees.

If a Marketing Fund is established, it will be accounted for separately from Franchisor's other funds, but the Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations to its franchisees with respect to the Marketing Fund or with the monies collected. Franchisor is permitted to spend, in any fiscal year, an amount greater or less than the aggregate contributions of franchisees to the Marketing Fund in that year. Any part of the Marketing Fund contributions that are not spent during the fiscal year will remain in the Marketing Fund to be used in the next fiscal year.

At this time, there is not a Franchise Advisory Council. However, Franchisor reserves the right to establish a Franchise Advisory Council after the System has grown to at least fifty (50) franchisees to advise and consult with Franchisor in connection with the establishment, modification, continuance, or other decisions or considerations affecting marketing programs and new products and services. In the event Franchisor establishes said council, Franchisor will have the exclusive right to determine its organizational structure and manner of operation.

H. Regional Marketing Fund

In the event, Franchisor establishes a regional advertising fund (the “Regional Fund”) in a region in which the Franchised Business is located, Franchisee must contribute, monthly, an amount equal to three percent (3%) of the total monthly Gross Sales of the Franchised Business. Franchisor may, in its sole discretion, decide to terminate or suspend the Regional Fund at any time. FP Franchising franchises owned by Franchisor and its Affiliates that are located in a region with a Regional Fund, may, but shall not be obligated to, contribute to the Regional Fund on the same basis as franchisees.

Franchisor shall have the exclusive right to maintain and administer each Regional Fund and to direct all marketing programs financed by the Regional Fund, including the right to control the creative concepts, materials, and endorsements. The Regional Fund may be used to pay the costs of preparing and producing video, audio, and printed marketing materials; administering multi-regional and national marketing programs including purchasing television, radio, magazine, billboard, newspaper, and other media advertising; employing advertising agencies and/or public relations firm to assist with marketing and advertising; and providing marketing materials to franchisees. The Regional Fund may also be used to meet any and all costs reasonably related and incident to administering the Regional Fund and its related programs, including administrative costs.

At this time, there are no local advertising cooperatives. However, Franchisor reserves the right to establish such cooperatives in the event there is more than one FP Franchising franchise within a twenty-five (25) mile radius. If a local advertising cooperative is created in the geographic area in which the Franchised Business is located, then Franchisee will be required to contribute, on a monthly basis, a minimum of two percent (2%) to three percent (3%) of the total monthly Gross Sales of the Franchised Business to the local advertising cooperative; provided, however, that the contribution to the local advertising cooperative will be credited against Franchisee’s Local Advertising requirement.

I. Local Advertising

Franchisee is required to conduct local advertising and to spend, on a monthly basis, a minimum of four percent (4%) of the total monthly Gross Sales of the Franchised Business on such advertising. Franchisee must provide Franchisor with monthly reports of Franchisee’s local advertising expenditures no later than the fifth (5th) day of the following month.

In addition, Franchisee is required to conduct a Grand Opening Marketing Campaign (“Campaign”) during the first ninety (90) days of operation. During the Campaign, Franchisee must spend a minimum of \$10,000.00 on advertising; provided, however, the amount spent on the Campaign will be credited against Franchisee’s monthly Local Advertising requirements.

Franchisee is permitted to create and use its own marketing and advertising materials to advertise the Franchised Business; provided, however, that such marketing and advertising materials are submitted to and pre-approved in writing by Franchisor before such materials are used. Franchisor will notify Franchisee of its approval or disapproval of the proposed advertising material within thirty (30) days after Franchisor

receives all the necessary information for review. Franchisor may approve, disapprove, or revoke approval of any advertising materials for any reason and at any time, and Franchisee must not use any marketing materials that Franchisor has disapproved.

J. Late Fee

In the event Franchisee does not pay the Franchisor any amount due under this Agreement within seven (7) days after such payment is due, Franchisee will be charged a Late Fee of \$100.00 per day that the payment is overdue.

K. Insufficient Fund Fees

Franchisee must maintain a balance in its account sufficient to allow Franchisor to collect amounts owed when due. In the event there are insufficient funds to collect the amounts owed to Franchisor, Franchisee will be charged an additional fee of \$25.00 for each EFT attempt that was unsuccessful, plus reimbursement of any costs Franchisor incurs from the bank due to the insufficient funds. Franchisee is required to sign the EFT Form attached as **Exhibit F** and any other required documents to authorize Franchisee's bank to transfer either electronically or through some other method of payment designated by Franchisor directly to Franchisor's account and to charge Franchisee's account for all amounts due to Franchisor from Franchisee.

L. Franchisor's Right to Offset

Franchisor shall have the right at any time before or after termination of this Agreement, without notice to Franchisee, to offset any amounts or liabilities that may be owed by the Franchisee to Franchisor against any amounts or liabilities that may be owed by Franchisor to Franchisee under this Agreement or any other agreement, transaction or relationship between the parties. Under no circumstances shall Franchisee have the right to offset any amounts or liabilities that may be owed by the Franchisor to Franchisee against any amounts or liabilities that may be owed by Franchisee to Franchisor under this Agreement or any other agreement, transaction or relationship between the parties.

**SECTION 15
INSURANCE**

A. Insurance Coverage Requirements

Franchisee is solely responsible for obtaining and maintaining in full force and effect all insurance necessary to operate the Franchised Business and in such coverages, limits and amounts as may be required from time to time by Franchisor, the Manual, or otherwise directed in writing, including, but not limited to, the following:

Policy Type	Minimum Amount-Each Occurrence	Minimum Amount- Aggregate
Commercial General Liability	\$1,000,000	\$2,000,000
Products-Completed Operations	\$2,000,000	\$2,000,000
Personal Injury & Advertising Injury	\$1,000,000	\$2,000,000

Damage to Premises Rented	\$100,000 for any one premises	\$2,000,000
Medical Expense	\$100,000 for any one premises	\$2,000,000
Worker's Compensation	Minimum State Requirements	Minimum State Requirements
Hired & Non-Owned Auto Liability	\$1,000,000	\$1,000,000
Professional Liability-Errors and Omissions	\$1,000,000	\$2,000,000
Abuse & Molestation Exposure	\$1,000,000	\$2,000,000
Employment Practices Liability	\$500,000	\$500,000
Cyber Liability	\$500,000	\$500,000
Umbrella	\$1,000,000	\$1,000,000

Such required policies and minimum amounts of coverage may be modified from time to time in Franchisor's discretion upon thirty (30) days' written notice to Franchisee. Franchisee must designate Franchisor and its Affiliate and their directors, officers, employees, and agents as additional insureds on all insurance policies and such insurance policies must not be canceled or modified without thirty (30) days' prior written notice to Franchisor.

In the event Franchisee leases the Approved Business Location to operate the Franchised Business, Franchisee may be required to obtain and maintain in full force and effect certain insurance policies and coverage designated by the landlord and the lease agreement. In such case, Franchisee shall comply with any and all insurance coverage required by the lease agreement and failure to do so will constitute a breach under the Franchise Agreement.

B. Proof of Insurance

Prior to opening the Franchised Business to the public, Franchisee shall deliver to Franchisor proof of insurance coverage by way of a signed original certificate or certificates of all required insurance policies which shall contain the authorized agent's business name, address and phone number, together with a statement by the insurer that the policy will not be canceled or materially changed without at least thirty (30) days prior written notice to the Franchisor. All insurance coverages will be underwritten by a company approved by the Franchisor.

Insurance coverage obtained by Franchisee pursuant to this Agreement will not relieve Franchisee of any liability under any indemnity provisions of this Agreement.

C. Franchisee's Failure to Procure Insurance

If Franchisee fails to procure or maintain the insurance required by this Agreement, the Manual, or as otherwise directed in writing by the Franchisor, Franchisor will have the right, but not the obligation, to procure such insurance on behalf of Franchisee and Franchisee shall pay the Franchisor the cost of obtaining such insurance, plus a ten percent (10%) administrative surcharge. Such costs, premiums, and fees will be payable by Franchisee immediately upon Franchisor's demand and will accrue interest thereon until paid.

SECTION 16 INDEMNIFICATION

Franchisee, its owners, officers, directors, and any guarantors agree to protect, defend, indemnify, and hold Franchisor and its Affiliates, their respective directors, officers, shareholders, employees and agents, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys', accountants' and other related fees) as a result of, arising out of, or connected with the operation of the Franchised Business, including, without limitation, Franchisee's negligence, breach of contract, civil or criminal wrongdoing, and the failure of Franchisee to comply with any applicable laws. This indemnification provision shall survive the Termination Date or Expiration Date of this Agreement.

SECTION 17 RECORDKEEPING, REPORTS AND ACCOUNTING

A. Books, Records, and Accounts

Franchisee, at its own expense, must maintain and preserve complete and accurate books, records, tax returns and accounts for the Franchised Business for at least six (6) years following the end of the calendar year to which they relate and in accordance with generally accepted accounting principles of the United States, applicable law, and the Franchisor's standards and specifications. Franchisee shall record all sales and receipts of revenue and report it to Franchisor in the required form and manner, which may be modified from time to time in Franchisor's sole discretion. Franchisee shall also submit monthly KPI Index Reports. Franchisee shall submit said reports no later than the fifth (5th) day of the following month during the term of this Agreement and any subsequent renewal terms. Franchisee shall be solely responsible for performing all record keeping duties and the cost and expense associated therewith.

Franchisee must, at its expense, submit to Franchisor such other miscellaneous forms, reports, records, financial statements, and other information relating to the Franchised Business as Franchisor may reasonably request, in the form and at the times and places specified by Franchisor.

B. Financial Statements

Franchisee shall deliver to Franchisor, no later than ten (10) days from the end of each quarter, an unaudited profit and loss statement and balance sheet for the Franchised Business for the preceding quarter, along with any other sales data requested by Franchisor, all of which shall be certified by Franchisee as true and correct. All such statements shall be prepared in a format prescribed or approved by the Franchisor from time to time. If Franchisee fails to submit the required financial statements to Franchisor within the prescribed time period, Franchisor may, in its sole discretion, perform an operational audit of Franchisee's FP Franchising franchise in accordance with Section 17(C) of this Agreement.

In addition, Franchisee shall deliver to Franchisor financial statements, which have been reviewed by a certified public accountant, within ninety (90) days after the close of Franchisee's fiscal year for each year during the term this Agreement that accurately reflects the financial condition of the Franchised Business at the end of such fiscal year. Such statements shall be in accordance with generally accepted accounting principles of the United States, applicable law, and the Franchisor's standards and specifications.

Franchisee shall also submit to Franchisor copies of Franchisee's federal, state, and city income tax and sales tax returns, within ten (10) days after their respective filing during the term of this Agreement.

C. Franchisor's Right to Audit

Franchisor reserves the right to examine and audit Franchisee's books, records, tax returns, accounts, and such statistical and other information or records the Franchisor requires Franchisee to maintain and preserve. Examinations and audits may take place without prior notice, during normal business hours or at reasonable times, and Franchisor may audit and inspect documents covering a period beginning with the date on which Franchisee first acquired its Franchised Business and ending on the date such audit is concluded. Inspections and audits may be conducted following the termination of this Agreement for any reason and Franchisee must provide such other assistance as may be reasonably requested related to the audit. Such examination or audit shall be at Franchisor's expense, unless it is disclosed that Franchisee understated the Franchised Business's Gross Sales by more than 5%, in which case Franchisee shall be required to reimburse Franchisor for the cost and expense of the examination or audit. Franchisee shall also pay Franchisor any deficiency in Royalty Fees, Advertising Fund Fees or Continuing Assistance Fees as disclosed by such audit or examination within ten (10) days following receipt of the auditor's report, plus interest calculated at the maximum rate specified by law, or in the absence of a maximum rate specified by law, eighteen percent (18%) per annum. If the inspections and audits conducted by the Franchisor establish a pattern of underreporting by Franchisee, then Franchisor has the right to require that Franchisee employ an accounting firm approved by Franchisor to assist in maintaining and preserving Franchisee's books, records, tax returns, accounts, and such other statistical information or records relating to the Franchised Business.

In the event the audit or examination discloses that Franchisee has overpaid Royalty Fees, Advertising Fund Fees, or Continuing Assistance Fees to the Franchisor, such amount will be credited to Franchisee against the next month's Royalty Fees, Advertising Fund Fees, or Continuing Assistance Fees due to the Franchisor, beginning with the month following receipt of the auditor's report and continuing until the credit is exhausted.

SECTION 18 PROPRIETARY MARKS AND CONFIDENTIALITY

A. Proprietary Marks

Franchisor hereby grants Franchisee the right to use the name and mark, FITNESS PREMIER, Franchisor's logos and any other proprietary marks, trade names, logos, and the like ("Proprietary Marks") that Franchisee is required to use in the operation of the Franchised Business. Franchisee expressly acknowledges that Franchisor is the owner of the Proprietary Marks that Franchisor requires Franchisee to use in the operation of the Franchised Business. Franchisee shall not represent in any manner that Franchisee has acquired any ownership rights in the Proprietary Marks and shall not use any of the Proprietary Marks or any marks, names, or indicia which are, or may be, confusingly similar to the Proprietary Marks in its own entity or business name. Franchisee further acknowledges and agrees that any and all goodwill associated with the System and identified by the Proprietary Marks shall inure directly and exclusively to the benefit of the Franchisor.

Franchisee shall use the Proprietary Marks only in such manner as authorized by the Franchisor, which Franchisor may in its sole discretion modify from time to time. Franchisee's right to use the Proprietary Marks is derived solely from this Agreement and is limited to the operation of the Franchised Business by Franchisee pursuant to, and in compliance with, this Agreement. Franchisee shall not use the Proprietary Marks in connection with offering, selling, or advertising any unauthorized products or services. Any unauthorized use of the Proprietary Marks by Franchisee shall constitute a breach of this Agreement. Franchisee understands and agrees that any use of the Proprietary Marks other than in accordance with this Agreement, the Manual, or otherwise directed in writing by the Franchisor, without the Franchisor's prior written consent, is an infringement of Franchisor's rights therein. Franchisee acknowledges and agrees that

the right to use the Proprietary Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest the validity of Franchisor's ownership of the Proprietary Marks, or aid others in infringing or contesting the Franchisor's right, title, and interest in the Proprietary Marks.

Franchisor reserves the right to modify or discontinue use of any Proprietary Mark, or use one or more additional or substitute trade or service marks in Franchisor's sole discretion. If Franchisor exercises such right, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Proprietary Marks. Any and all expenses or costs incurred by Franchisee associated with such modification or discontinuance of any such new, modified, or replacement Proprietary Marks shall be the sole responsibility of Franchisee. In no event, will the Franchisor be liable to Franchisee for any purported loss or damage to the Franchised Business due to the modification or discontinued use of the Proprietary Marks.

Franchisee must notify the Franchisor immediately if Franchisee receives notice of, or is informed of any infringing or unauthorized use of the System or the Proprietary Marks. Franchisor shall have the sole right to handle disputes with third-parties concerning the Proprietary Marks and/or the System. If Franchisor undertakes the defense or prosecution of any litigation pertaining to the Proprietary Marks, Franchisee must sign any documents and do acts and things as may, in Franchisor's attorneys' opinion, be necessary to the defense or prosecution. Franchisor is not obligated to defend Franchisee's right to use the Proprietary Marks or against claims of infringement or unfair competition arising out of Franchisee's use of the Proprietary Marks.

B. Internet and Social Media

Franchisee shall not set up, maintain or utilize an Internet website, home page, or other social media site to advertise the Franchised Business or sell products and services without the Franchisor's prior written consent. Franchisee shall not cause or allow the Proprietary Marks to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with any Internet website, home page, or social media site without the Franchisor's express prior written consent, which Franchisor may grant or withhold in its sole discretion. If Franchisor provides its consent to such use, then Franchisee may only use the Proprietary Marks in an authorized manner and in accordance with Franchisor's procedures, standards and specifications as established from time to time.

Franchisee must obtain Franchisor's prior approval to use any domain name, address, or other designation that contains any Proprietary Mark, or a confusingly similar variation thereof, and such domain name, address, or other designation shall be registered in Franchisor's name and licensed to Franchisee by Franchisor for the term of this Agreement. If Franchisor's approval is granted, the form, content and appearance of Franchisee's Internet site, and any modifications thereto, must comply with Franchisor's standards and specifications and must be approved by Franchisor before it is posted on the Internet so that Franchisor can maintain the common identity and uniformity of the Proprietary Marks and the FP Franchising franchise system.

C. Confidential Information

Franchisee acknowledges and agrees that the methods, processes, skills, know-how, techniques, information, trade practices, customer lists or databases, software and other proprietary data relating to the development and operation of the Franchised Business is derived entirely from information disclosed to

Franchisee by Franchisor and that such information is proprietary, confidential, and constitutes trade secrets of the Franchisor (“Confidential Information”).

Franchisee shall at all times use its best efforts to keep the Confidential Information confidential and shall limit access to the information to employees and independent contractors of Franchisee on a need-to-know basis. Franchisee agrees to adhere fully and strictly to all confidentiality attached to such information and to exercise the highest degree of diligence in safeguarding Confidential Information during and after the term of this Agreement. Franchisee’s employees shall sign a Confidentiality, Non-Disclosure, and Non-Competition Agreement that is the same as, or substantively similar to the one attached as **Exhibit D**.

Franchisee acknowledges that the unauthorized use or disclosure of Confidential Information will cause irreparable injury to the Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that it shall not at any time, without Franchisor’s prior written consent, disclose, use, permit the use thereof, copy, duplicate, record, transfer, transmit, or otherwise reproduce such Confidential Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source, except as may be required by applicable law or authorized by this Agreement. Disclosure of the Confidential Information may be made in judicial or administrative proceedings, but only to the extent Franchisee is legally compelled to disclose the Confidential Information and provided that Franchisee first gives Franchisor the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

D. Improvements to System

Franchisee acknowledges and agrees that if Franchisee develops any concept, process, design, service, or improvement in the operation or promotion of the Franchised Business (“Improvements”), Franchisor will be deemed to own the Improvements and may use them and authorize other FP Franchising franchisees to use them in the operation of their businesses without any obligation to compensate Franchisee. Any such Improvements will also constitute Confidential Information.

Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property in the Improvements. To the extent any Improvement does not qualify as a “work made-for-hire” for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of the Improvement, and all related rights to the Improvement, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the Improvement.

SECTION 19 NON-COMPETITION COVENANTS AND NON-SOLICITATION

A. Non-Competition During Term

During the term of the Franchise Agreement, Franchisee, its owners, officers, directors, and any guarantors shall not, either directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, engage in any other business that: (i) offers or sells (a) fitness services, (b) personal training services, (c) nutrition services, or (d) other services that are the same as or similar to the services being offered by FP Franchising under the System (“Competitive Business”); or (ii) open any Competitive Business anywhere within the Territory other than as a FP Franchising franchisee. The purpose of this covenant is to encourage Franchisee, its owners, officers, directors, and any guarantors to use their best efforts to promote the FP Franchising System, and its products and services, and to protect the Franchisor’s Confidential Information and trade secrets.

B. Non-Solicitation of Employees

During the term of this Agreement, and for a period of one (1) year immediately following the date of termination or expiration of this Agreement, Franchisee, its owners, officers, directors, and guarantors shall not employ or seek to employ any person who is or was, within the immediately preceding twelve (12) months from the date of such employment or solicitation, an employee of Franchisor, its Affiliates, or other FP Franchising franchisees, or otherwise directly or indirectly induce that person to leave the employment, without obtaining that person's and the employer's prior written permission.

C. Non-Competition Post-Term

Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a period of three (3) years commencing upon the date of: (a) a transfer permitted under Section 20 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of the covenants not to compete or (e) any or all of the foregoing, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers or sells (a) fitness services; (b) personal training services; (c) nutrition services; or (d) other services that are the same as or similar to the services being offered by FP Franchising under the System; and (ii) is, or is intended to be, located at the Approved Business Location or within the Franchisee's Territory.

If Franchisee, its Owners, officers, directors, or any guarantors commit a breach of this post-term covenant not-to-compete, the three (3) year restrictive period shall be tolled and start on the date that the former Franchisee, its Owners, officers, directors, or guarantors are enjoined from competing or stop competing, whichever is later.

Nothing in this Agreement shall prevent Franchisee, its Owners, officers, directors, or guarantors from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any competitive business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ) as long as Franchisee, its Owners, officers, directors, or guarantors do not control any such company.

D. Severability and Reasonableness of Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. The parties further agree that the foregoing restrictions limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. Franchisee expressly acknowledges that Franchisee, its Owners, officers, directors, and guarantors possess skills and abilities of a general nature and have other opportunities for exploiting these skills and enforcing the non-competition provisions in this Agreement will not deprive Franchisee, its Owners, officers, directors, and guarantors of personal goodwill or the ability to earn a living.

E. Enforcement of Non-Competition Covenants

Franchisee, its Owners, officers, directors, and guarantors acknowledge and agree that a violation of the terms of the Non-Competition Covenants in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law is available. Accordingly, Franchisee, its Owners, officers, directors, and guarantors hereby consent to the entry of an injunction, without bond, prohibiting any conduct by Franchisee in violation of the terms of the covenants set forth in this Agreement. Franchisee further agrees to pay all costs and expenses (including reasonable attorney's fees at all levels) incurred by Franchisor in connection with the enforcement of the covenants set forth in this Agreement.

SECTION 20 TRANSFERS

A. Transfer by Franchisor

Franchisor shall have the right to assign this Agreement and any or all of its rights, obligations and privileges hereunder to any other person, firm or corporation without Franchisee's prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall expressly assume and agree to perform such obligations.

B. Transfer by Franchisee

Franchisee agrees that Franchisee's rights and duties stated in this Agreement are personal to Franchisee, and that Franchisor has entered into this Agreement in reliance on the business skill, financial capacity, and character of Franchisee, its owners, officers, directors, and guarantors. Accordingly, except as otherwise provided in this Section 20, a transfer, assignment, or division, whether voluntarily, involuntarily, or by operation of law, of any interest in this Agreement, any ownership interest in the business entity, or a transfer of any of Franchisee's rights or obligations under this Agreement ("Transfer") without the prior written approval of Franchisor, which approval may be withheld in Franchisor's sole discretion, is prohibited and shall be a breach of this Agreement. If Franchisor elects not to exercise its right of first refusal to purchase the interest as provided in Section 20(D), Franchisee shall be required to obtain Franchisor's approval of the proposed Transfer and the proposed transferee.

If Franchisee, its owners, officers, directors, or guarantors desire to make a transfer, such person or entity must comply with the following terms, conditions, and procedures to effectuate a valid Transfer:

- Franchisee shall have first notified Franchisor in writing of any bona fide proposed Transfer and set forth a complete description of all terms, conditions and fees of the proposed Transfer in the manner prescribed by the Franchisor to comply with Franchisor's right of first refusal as set forth in Section 20(D) of this Agreement;
- The transferee must meet all of Franchisor's then-current standards and requirements for becoming a FP Franchising franchisee;
- The transferee shall execute the then-current form of the Franchise Agreement generally being offered to franchisees and such agreement shall generally provide for a new term equal to the term of the standard FP Franchising franchise agreement then being offered, and may include, among other matters, a different fee structure, increased fees, different terms and conditions, a modified Territory and different purchase requirements;

- The transferee shall, at transferee's cost and expense, have completed Franchisor's Initial Training Program to Franchisor's satisfaction;
- Franchisee shall pay all amounts due to Franchisor or its Affiliate and cure all breaches of this Agreement and any other agreement it may have with Franchisor or its Affiliate;
- Franchisee shall have complied with all material obligations to Franchisor under this Agreement or any other agreement or arrangement with Franchisor or its Affiliates;
- Franchisee signs a general release in favor of Franchisor; and
- Franchisee or transferee shall pay a transfer fee in the amount of \$10,000.00, which is intended to cover Franchisor's costs and expenses associated with the Transfer. Franchisee and transferee acknowledge that such a transfer fee is appropriate.

In the event of a Transfer of any kind by Franchisee, Franchisee shall comply with all covenants and post-termination obligations of this Agreement.

C. No Encumbrance

Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever.

D. Right of First Refusal

If Franchisee desires to make a Transfer, Franchisee shall first offer in writing any bona fide proposed Transfer to Franchisor and set forth a complete description of all terms, conditions and fees of the proposed Transfer in the manner prescribed by the Franchisor. Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within 30 days after receipt of such additional information), Franchisor may exercise its right of first refusal and accept the offer of Transfer upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

If Franchisor does not elect to exercise its right of first refusal, Franchisee may offer to transfer to third parties on the same terms and conditions as offered to Franchisor and subject to the conditions set forth in Section 20(B) of this Agreement. If Franchisee does not consummate, in accordance with the terms offered to Franchisor, the Transfer within six (6) months after Franchisee gives notice of the Transfer to Franchisor, Franchisee shall not make the Transfer without again first offering to make the Transfer to Franchisor. Additionally, if the terms of the offer to third parties materially change, such changed terms shall be deemed a new proposal subject to Franchisor's right of first refusal.

E. Transfer Upon Franchisee's Death or Disability

Upon Franchisee's, or if Franchisee is a legal entity, its owners', officers', directors', or guarantors' permanent disability, the executor, administrator, conservator or other personal representative shall transfer the interest in this Agreement or the ownership interest within a reasonable time, not to exceed thirty (30) days from the date of permanent disability, to a third party approved by Franchisor. Failure to dispose of such interest within the specified period of time will constitute a material breach of this Agreement. A

Transfer under such circumstances will be subject to all the terms and conditions contained in Section 20 of this Agreement.

Upon Franchisee's, or if Franchisee is a legal entity, its owners', officers', directors', or guarantors' death, Franchisor has the right to purchase the Franchised Business for twice the earnings before interest, tax, depreciation and amortization ("EBITDA") within a reasonable time, not to exceed sixty (60) days, from the date of death. Franchisor shall have the right to purchase a life insurance policy on Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors whereby the proceeds under the policy would be used toward purchasing the Franchised Business. The premiums of such life insurance policy shall be paid for by the Franchisor.

For purposes of this Agreement, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors from supervising the operation of the Franchised Business for a collective period of six (6) months from the onset of such disability, impairment or condition.

SECTION 21 DEFAULT AND TERMINATION

A. Termination by Franchisor

1. Defaults Subject to Immediate Termination.

Franchisor may terminate this Agreement for good cause without prejudice to the enforcement of any legal or equitable right or remedy immediately upon giving written notice of such termination and the reason or cause for the termination, and, except as hereinafter provided, without providing Franchisee an opportunity to cure the default. Without in any way limiting the generality of the meaning of the term "good cause," the following occurrences shall constitute sufficient basis for Franchisor to immediately terminate the Agreement:

- Franchisee fails to select a site and receive approval within six (6) months of the Effective Date of the Franchise Agreement;
- Franchisee fails to open the Franchised Business within one hundred eighty (180) days of receiving approval of the Approved Business Location;
- Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors makes any materially false statement or report to Franchisor in connection with acquiring the Franchised Business or this Agreement;
- Franchisee abandons the Franchised Business by failing to operate the Franchised Business for five (5) consecutive days during which Franchisee is required to operate the Franchised Business under the terms of this Agreement, the Manual, or otherwise directed in writing by the Franchisor, unless such failure to operate is due to an event beyond Franchisee's control;
- Franchisee sells or offers for sale any products or services which have not been previously approved by the Franchisor in writing, or which have been subsequently disapproved;
- Franchisee uses the Marks in an unauthorized manner contrary to, or inconsistent with, this Agreement or Franchisor's policies, standards or specifications as stated in the Manual, or

otherwise directed in writing by the Franchisor;

- Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors of Franchisee discloses or causes to be disclosed any Confidential Information provided to Franchisee contrary to the provisions of this Agreement or fails to exercise reasonable care to prevent such disclosure;
- Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors of Franchisee violate the in-term covenant not to compete by engaging in a Competitive Business or opening any Competitive Business within the Territory other than as a franchisee of the FP Franchising System during the term of this Agreement;
- Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors violate any Transfer or assignment provision contained in Section 20 of this Agreement;
- Franchisee fails to operate the Franchised Business in strict compliance with all applicable civil and criminal laws, ordinances, rules, regulations and orders of governmental authorities pertaining to the maintenance and operation of the Franchised Business including, without limitation, those relating to health, safety, sanitation, employment, and taxation;
- Franchisee fails to achieve the Minimum Performance Standard beginning after the first fiscal year of operation.
- Franchisee receives more than three (3) valid notices of default of this Agreement in the same twelve (12) month period, regardless of whether previous defaults have been cured;
- Franchisee, or if Franchisee is a legal entity, its owners, officers, directors, or guarantors are convicted of any felony or crime of moral turpitude regardless of the nature thereof, or any other crime or offense relating to the operation of the Franchised Business, or if Franchisee engages in any conduct which reflects materially and unfavorably upon the operation of the Franchised Business or the FP Franchising franchise system generally; or
- Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for the Franchised Business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed.

2. Defaults Subject to Cure Period

In the event Franchisee is in default in the performance of any of the terms of this Agreement, other than those calling for immediate termination set forth above or as otherwise provided for in this Agreement, Franchisor will provide Franchisee with written notice of such default and an opportunity to cure such default within thirty (30) days. Franchisor reserves the right to modify the time period within which Franchisee must cure defaults in its discretion.

If Franchisee fails to cure any curable default within the applicable cure period, then Franchisor may, in addition to all remedies that Franchisor has available to it at law or in equity, declare this Agreement automatically terminated.

B. Termination by Franchisee

Franchisee may not terminate this Agreement prior to the expiration of its term, except through dispute resolution proceedings as set forth herein based upon a material breach of this Agreement by Franchisor; provided, however, that in the event that Franchisee claims that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than sixty (60) days from the date of receipt of such notice by Franchisor from Franchisee. Failure by Franchisee to give such notice shall constitute a waiver by Franchisee of any such alleged default.

C. Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, neither party shall be in default of this Agreement by reason of its delay in performance of, or failure to perform, any of its obligations, except payment of monies owed, if such delay or failure is caused by: (i) strikes or other labor disturbances; (ii) acts of God; (iii) acts of the public enemy; (iv) riots or other civil disturbance; (v) fire; (vi) flood; (vii) epidemics or pandemics; or (viii) any other fault beyond its control, without its fault or negligence. In any such event, the time required for performance of such obligation shall be the duration of the unavoidable delay; provided, however, that this clause shall not result in an extension of the term of this Agreement.

D. Cross-Default

A default by Franchisee under this Agreement or any other agreement between Franchisee and Franchisor or its Affiliates shall be deemed a default of each and every agreement between Franchisee and Franchisor or its Affiliates. Accordingly, if this Agreement is terminated as a result of a default by Franchisee, Franchisor may, at its option, elect to terminate any or all of the other agreements between Franchisor and Franchisee, and if any of the other agreements are terminated as a result of a default by Franchisee, the Franchisor may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the other agreements between Franchisee and Franchisor or its Affiliates will be grounds for termination of this Agreement and/or any and all of the other agreements without additional notice or opportunity to cure.

SECTION 22 POST-TERMINATION OBLIGATIONS

A. Franchisee Obligations

Upon expiration or termination of this Agreement, all rights granted under this Agreement to Franchisee will immediately terminate, and Franchisee, at its expense, will comply with each of the following obligations: Franchisee must immediately cease to operate the Franchised Business and must not directly or indirectly represent or give the impression to the public that it is a present or former franchisee of Franchisor or was in anyway connected to the FP Franchising franchise system;

- Franchisee must pay all amounts due to Franchisor, including actual and consequential damages, costs, and expenses incurred by Franchisor as a result of any default, if applicable, within five (5) days of the termination or expiration of the Agreement;
- Franchisee must return the Manual, other proprietary information, software, and all Confidential Information, trade secrets and confidential materials owned or licensed by the Franchisor that are

in Franchisee's possession;

- Franchisee must return or discontinue use of all forms, agreements, advertising material, marks, devices, insignias, slogans, designs, signs, trade dress, and any computer systems including proprietary software and/or hardware that are in Franchisee's possession;
- Franchisee must cease to use any methods, procedures, or techniques associated with the System and in which the Franchisor has a proprietary right, title, or interest;
- Franchisee must discontinue the use of all copyrights, Proprietary Marks, trade names and patents now or hereafter applied for or granted in connection with the operation of the Franchised Business or franchise system. Any signs containing any Proprietary Marks that Franchisee is unable to remove from the Approved Business Location upon termination of this Agreement despite its best efforts, must be completely covered by Franchisee from view and physically removed within forty-eight (48) hours after termination;
- Franchisee must take such action as may be necessary to cancel any fictitious, trade, or assumed name or equivalent registration that contains any Proprietary Marks or any variations thereof, and transfer and assign all telephone numbers to Franchisor. Franchisee must furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination of this Agreement. In the event Franchisee fails to comply with this obligation within thirty (30) days after termination, Franchisor is hereby appointed as the Franchisee's attorney-in-fact for such purpose and such power, being coupled with an interest, shall be irrevocable; and
- Franchisee must strictly comply with all other provisions of this Agreement pertaining to post-termination obligations, including, without limitation, the post-term covenant not-to-compete, the obligation of non-disclosure of Confidential Information, and the obligation of non-solicitation of Franchisor's employees.

B. Franchisor's Right to Repurchase

Upon the expiration or termination of this Agreement, Franchisor shall have the right, but not the obligation, to purchase some or all the products and supplies at the Franchised Business and the equipment or signs which bear the Proprietary Marks at depreciated value within thirty (30) days of the Termination Date or the Expiration Date. If Franchisor elects to exercise such a right, it may offset the purchase price against any other amounts owed by Franchisee to Franchisor pursuant to this or any other agreement between Franchisee and Franchisor.

SECTION 23 NOTICES

All notices, requests, demands, payments, consents and other communications required under this Agreement shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, or other form of delivery which provides for a receipt and otherwise agreed to in writing by the parties, addressed as follows:

FRANCHISOR:

FP Franchising, LLC Attn: Jason Markowicz

Ex. B-25

530 W. North Street Suite 105
Manhattan, IL 60442

FRANCHISEE:

**SECTION 24
DISPUTE RESOLUTION AND GOVERNING LAW**

A. Arbitration

Except for actions related to or based on the Proprietary Marks, copyrights, or any intellectual property of the Franchisor or to enforce the non-competition covenants of this Agreement which Franchisor may bring in a court of competent jurisdiction, all controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform obligations between Franchisor and Franchisee arising out of or related to this Agreement; the relationship of the parties; the validity of this Agreement; or any aspect of the Franchised Business shall first be submitted by the parties to non-binding arbitration before the American Arbitration Association (“AAA”). Arbitration shall be conducted in accordance with the then-current rules of AAA that apply to commercial arbitration at the offices of AAA that are closest in proximity to the then-current principal business address of Franchisor. Arbitration proceedings will be heard by a panel of three (3) arbitrators whereby Franchisor and Franchisee will each select one arbitrator and the two chosen arbitrators will mutually agree on the third arbitrator. The cost of the panel of arbitrators shall be shared equally by the parties.

The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The parties further agree that, in connection with any such arbitration proceeding, each will file any compulsory counterclaim, as defined by Rule 13 of the Federal Rules of Civil Procedure, within thirty (30) days after the date of the filing of the claim to which it relates. Any party to an arbitration proceeding may apply to the arbitrators for reasonable discovery from the other.

B. Litigation, Jurisdiction, and Venue

If a Claim asserted is not subject to mandatory arbitration, then the party asserting the Claim may initiate a suit, action or legal proceeding to resolve the Claim; provided, however, that such suit, action, or legal proceeding shall only be brought in the State or Federal courts whose jurisdiction encompasses the then-current principal office of the Franchisor. Each of the parties irrevocably and unconditionally consent to the jurisdiction of such court in any suit, action or proceeding and waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. **TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH FORUM AND WAIVES THE RIGHT TO ANY OBJECTION TO THE JURISDICTION OR VENUE OF SUCH FORUM.**

C. Governing Law

This Agreement shall be interpreted under the laws of the State of Illinois and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, of the State of Illinois, which laws shall prevail in the event of any conflict of law.

D. Injunctive Relief

Franchisee acknowledges and agrees that adherence to the terms and conditions of this Agreement are necessary to protect the value of the Franchisor's business. Franchisee therefore acknowledges and agrees that in the event of a breach of this Agreement or a threatened breach by Franchisee, Franchisor shall be entitled to, in addition to all other remedies at law or equity, to a preliminary or permanent injunction or other appropriate orders, without posting bond, to restrain any such breach or threat of breach to prevent the continuation of such harm. Franchisee acknowledges and agrees that seeking or obtaining injunctive relief shall not preclude Franchisor from making a claim for damages or other relief available at law or in equity. Franchisee acknowledges and agrees to reimburse Franchisor for all reasonable attorneys' fees, costs, and expenses associated with enforcing this Agreement.

E. Limitation of Actions

Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or the Franchisee's operation of the Franchise, or other conduct of the Franchisor or Franchisee, brought by Franchisee hereto against the Franchisor, shall be conducted on an individual basis only and Franchisee shall not attempt to certify a class or participate as a party in a class action against the Franchisor. **TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE IRREVOCABLY WAIVES THE RIGHT TO COMMENCE OR PARTICIPATE IN A CLASS ACTION AGAINST THE FRANCHISOR.**

F. Attorneys' Fees

In the event the Franchisor is the prevailing party in any action arising out of, or related to this Agreement, the Franchisor is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting moneys owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party in relation to the remedies sought and the relative equities between the parties.

SECTION 25 COMPLIANCE WITH LAWS

Franchisee shall comply with all applicable federal and state civil and criminal laws, ordinances, rules, regulations and orders of governmental authorities pertaining to the maintenance and operation of the Franchised Business including, without limitation, those relating to health, safety, sanitation, employment, and taxation. Franchisor has no obligation to advise Franchisee of any legislative or other legal developments that may affect its Franchised Business. Franchisee acknowledges and agrees that it is solely responsible for inquiring about and becoming familiar with all applicable laws, rules and regulations, and determining those actions required for compliance. Franchisee shall obtain any and all permits, certificates, and licenses required for the full and proper conduct of the Franchised Business. Any information Franchisor provides to Franchisee regarding applicable laws, rules or regulations does not relieve Franchisee of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, rules and regulations. Any violation of such laws, rules

or regulations, as set forth in this paragraph, shall be deemed a default of this Franchise Agreement, and Franchisor may immediately terminate this Agreement upon such violation.

SECTION 26 WAIVER AND MODIFICATIONS

A. Waiver

Failure by either party to enforce any rights under this Agreement shall not be construed as the waiver of such rights. Any waiver, including waiver of default, or acceptance of money or other performance by Franchisor from Franchisee, in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Franchisor shall not be deemed to have waived any of its rights under this Agreement, including any right to receive payment in full for any product or service provided, nor shall Franchisee be deemed to have been excused from performance of any of its obligations pursuant to this Agreement, unless such waiver or excuse is written and executed by an authorized representative of Franchisor and Franchisee.

B. Modification

No amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee except by mutual written agreement.

SECTION 27 SEVERABILITY AND CONSTRUCTION

A. Severability

If any part, Section, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the provision which is indefinite, invalid or unenforceable shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

B. Construction

All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement. As used in this Agreement, the words “include”, “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval or authorization of Franchisor that Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion. In addition, on any occasion where Franchisor is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets Franchisor’s standards or satisfaction, Franchisor may do so in its sole judgment. Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

C. Conflicting Terms

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

SECTION 28

Ex. B-28

ENTIRE AGREEMENT

THE UNDERSIGNED ACKNOWLEDGES THAT THEY, AND EACH OF THEM, HAVE READ THIS AGREEMENT IN FULL; HAVE BEEN SUPPLIED WITH A DISCLOSURE DOCUMENT IN ACCORDANCE WITH FEDERAL AND STATE LAW; ARE COGNIZANT OF EACH AND EVERY ONE OF THE TERMS AND PROVISIONS HEREOF AND ARE AGREEABLE THERETO; THAT NO REPRESENTATIONS OR AGREEMENTS, WHETHER ORAL OR WRITTEN, EXCEPT AS SET FORTH IN THIS AGREEMENT AND IN THE DISCLOSURE DOCUMENT, HAVE BEEN MADE OR RELIED UPON; THAT ANY AND ALL PRIOR AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES, WHETHER ORAL OR WRITTEN ARE AUTOMATICALLY CANCELED BY THE EXECUTION OF THIS AGREEMENT AND THE UNDERSIGNED HEREBY RELEASES FRANCHISOR AND ITS AGENTS AND EMPLOYEES, FROM ANY AND ALL CLAIMS, DEMANDS, AGREEMENTS AND LIABILITIES OF EVERY DESCRIPTION WHATSOEVER, WHICH THE UNDERSIGNED EVER HAD, NOW HAS OR HEREAFTER MAY HAVE, AGAINST ANY OF THE FOREGOING BY REASON OF ANY MATTER, CAUSE OR THING OCCURRING PRIOR TO THE DATE OF THIS AGREEMENT; THAT THE SIGNATURES AFFIXED HERETO WERE AFFIXED AS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS AGREEMENT; AND THAT THE TERMS AND PROVISIONS OF THIS FRANCHISE AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY AN AUTHORIZED CORPORATE OFFICER OF FRANCHISOR; THAT THE UNDERSIGNED REALIZES THAT THERE CAN BE NO GUARANTY OF SUCCESS, SINCE FRANCHISEE'S BUSINESS ABILITY, APTITUDE, AND INDUSTRIOUS DISPOSITION ARE PRIMARY IN FRANCHISEE'S SUCCESS. NO CLAIM MADE IN ANY FRANCHISE AGREEMENT IS INTENDED TO DISCLAIM THE EXPRESS REPRESENTATIONS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT.

SECTION 29 ACKNOWLEDGEMENTS

Franchisee hereby acknowledges the following:

- A. FRANCHISEE WARRANTS AND REPRESENTS THAT FRANCHISEE HAS FULL POWER AND AUTHORITY TO ENTER INTO AND BE BOUND BY THIS AGREEMENT.
- B. FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER A DIFFERENT FORM OF AGREEMENT, AND CONSEQUENTLY THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.
- C. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR MAY APPOINT AN INDEPENDENT CONTRACTOR OR AREA DEVELOPER TO FULFILL FRANCHISOR'S OBLIGATIONS TO PROVIDE ASSISTANCE TO FRANCHISEE.
- D. 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.

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement, as of the Effective Date written above.

FRANCHISEE

FRANCHISOR
FP Franchising, LLC

By: _____

Title: _____

By: _____
Jason Markowicz, Chief Executive Officer

EXHIBIT A
TERRITORY AND APPROVED BUSINESS LOCATION

1. The Territory referred to in Section 5(A) of the Agreement shall be:

2. The address of the Approved Business Location referred to in Section 6(A) of the Agreement shall be:

By execution hereof, Franchisor hereby acknowledges and approves the above stated Territory. The Franchisee acknowledges and warrants that Franchisor's acceptance of the Territory does not constitute a guarantee, recommendation, or endorsement of the Territory and does not guarantee the success of the Franchisee's Franchised Business.

FRANCHISEE

FRANCHISOR
FP Franchising, LLC

By: _____
Jason Markowicz, Chief Executive Officer

By: _____

Title: _____

EXHIBIT B
OWNERSHIP VERIFICATION

This form must be completed to provide the Franchisor with the type of business organization and the names and addresses of the individuals owning an interest in Franchisee, as well as, the percentage of said interest. Franchisor is relying on the truth and accuracy of the information set forth in awarding the franchise to Franchisee.

1. Form of Entity

Franchisee is a (check one):

- A. General Partnership _____
- B. Corporation _____
- C. Limited Partnership _____
- D. Limited Liability Company _____
- E. Other _____ Specify: _____

2. Business Entity

Franchisee was incorporated or formed on _____, 20, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's business entity name. The following is a list of all persons who have an ownership interest in Franchisee, their address, positions, and respective percentage of ownership:

NAME AND ADDRESS	POSITION	PERCENTAGE OF OWNESHIP INTEREST

3. Governing Documents.

Franchisee agrees to provide Franchisor with copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization such as, articles of incorporation or organization, partnership or shareholder agreements, upon reasonable request by the Franchisor.

FRANCHISEE

By: _____

Title: _____

FRANCHISOR

FP Franchising, LLC

By: _____
Jason Markowicz, Chief Executive Officer

EXHIBIT C
PERSONAL GUARANTY OF FRANCHISE AGREEMENT

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement by and between FP Franchising, LLC (“Franchisor”) and _____ (“Franchisee” or “Guarantor”) and dated _____, the undersigned hereby jointly and severally guarantee unto Franchisor that the undersigned will perform and/or pay each and every covenant, payment, agreement, obligation, liability and undertaking on the part of Franchisee contained and set forth in or arising out of such Franchise Agreement, and every other agreement signed by the Franchisee with Franchisor (the “Obligations”).

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any or all of the Obligations of the Franchisee to Franchisor, whether or not Franchisor or its successors have resorted to any property securing any of the Obligations or proceeded against any of the undersigned or any party primarily or secondarily liable on any of the Obligations; (b) release or compromise any Obligation of the Franchisee or of any of the undersigned hereunder or any Obligations of any party or parties primarily or secondarily liable on any of the Obligations; and (c) extend, renew or credit any of the Obligations of the Franchisee to Franchisor for any period (whether or not longer than the original period), alter, amend or exchange any of the Obligations, or give any other form of indulgence, whether under the Franchise Agreement or not.

Each of the undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the foregoing Franchise Agreement and other agreements and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from such Franchise Agreement, other agreements or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned jointly and severally agree to pay all expenses paid or incurred by Franchisor in attempting to enforce the Obligations and this Guaranty against Franchisee and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys’ fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time or other indulgence granted from time to time by Franchisor or its agents, successors or assigns, with respect to the foregoing Obligations, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

The undersigned shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and the indemnification provisions contained in the Franchise Agreement. If more than one person has executed this Guaranty, the term “the undersigned,” as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement, as of the Effective Date written above.

GUARANTOR

By: _____

Title: _____

**Acknowledged and accepted by
FRANCHISOR**

FP Franchising, LLC

By: _____
Jason Markowicz, Chief Executive Officer

EXHIBIT D
CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(SAMPLE)

In consideration of, and as an inducement to, employment with __ (“Franchisee”), this Confidentiality, Non-Disclosure and Non-Competition Agreement is entered into by and between Franchisee and _____ (“Employee”) on this _____ day of __, 20____. Employee, in consideration of the receipt and/or use of information proprietary to the Franchisor by Franchisee, agrees as follows: -

1. CONFIDENTIALITY

Employee acknowledges and agrees that the methods, processes, skills, know-how, techniques, information, trade practices, customer lists or databases, and other proprietary data relating to the development and operation of the Franchised Business is derived entirely from information disclosed to Employee by Franchisee and that such information is proprietary, confidential, and constitutes trade secrets of the Franchisor (“Confidential Information”). Employee must use its best efforts to keep the Confidential Information confidential and shall limit access to the information to employees and independent contractors of Franchisee on a need-to-know basis. Employee agrees to adhere fully and strictly to all confidentiality attached to such information and to exercise the highest degree of diligence in safeguarding Confidential Information during and after employment.

2. NON-DISCLOSURE

Employee acknowledges that the unauthorized use or disclosure of Confidential Information will cause irreparable injury to the Franchisee and Franchisor and that damages are not an adequate remedy. Employee accordingly covenants that he or she shall not at any time, without Franchisee or Franchisor’s prior written consent, disclose, use, permit the use thereof, copy, duplicate, record, transfer, transmit, or otherwise reproduce such Confidential Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source, except as may be required by applicable law or authorized by this Agreement. Disclosure of the Confidential Information may be made in judicial or administrative proceedings, but only to the extent Employee is legally compelled to disclose the Confidential Information and provided that Employee first gives Franchisee and/or Franchisor the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

3. INTELLECTUAL PROPERTY

Employee acknowledges and agrees that if Employee develops any concept, process, service, or improvement in the operation or promotion of the Franchised Business (“Improvement”), Franchisor will be deemed to own the improvements and may use them and authorize other FP Franchising franchisees to use them in the operation of their businesses without any obligation to compensate Employee. Any such Improvements will also constitute Confidential Information. Employee agrees to assign to Franchisor all right, title and interest in any intellectual property in the Improvement to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the Improvement.

4. NON-COMPETITION

A. Non-Competition During Employment

During employment, Employee shall not, either directly or indirectly, as a proprietor, partner, investor, lender, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, engage in any business that: (i) offers or sells (a) fitness services; (b) personal training services; (c) nutrition services; or (d) other services that are the same as or similar to the services being offered by Franchisee under the System (“Competitive Business”); or (ii) open any Competitive Business anywhere within Franchisee’s Territory. The purpose of this covenant is to encourage Employee to use his or her best efforts to promote the Franchised Business, and its products and services, and to protect the Franchisor’s Confidential Information and trade secrets.

B. Non-Competition Post-Term

Employee covenants that, except as otherwise approved in writing by Franchisee, Employee shall not, for a period of one (1) year commencing upon the date of: (a) termination of employment (regardless of the cause for termination); (b) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of the covenants not to compete; or (c) any or all of the foregoing, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers or sells (a) fitness services; (b) personal training services; (c) nutrition services, or (d) other services that are the same as or similar to the services being offered by Franchisee under the System; and (ii) is, or is intended to be, located within the Franchisee’s Territory.

If Employee commits a breach of this post-term covenant not-to-compete, the one (1) year restrictive period shall be tolled and start on the date that the former Employee is enjoined from competing or stops competing, whichever is later.

Nothing in this Agreement shall prevent Employee from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any competitive business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ) as long as Franchisee, its Owners, officers, directors, or guarantors do not control any such company.

5. NON-SOLICITATION

During the term of employment, and for a period of one (1) year immediately following the date of termination of employment, Employee shall not employ or seek to employ any person who is or was, within the immediately preceding twelve (12) months, an employee of Franchisor, Franchisee, or other FP Franchising franchisees, or otherwise directly or indirectly induce that person to leave the employment, without obtaining that person’s and the employer’s prior written permission.

6. REMEDIES

Employee acknowledges and agrees that adherence to the terms and conditions of this Agreement are necessary to protect the value of the Franchisee’s business. Employee therefore acknowledges and agrees

that in the event of a breach of this Agreement or a threatened breach by Employee, Franchisee shall be entitled to, in addition to all other remedies at law or equity, to a preliminary or permanent injunction or other appropriate orders, without posting bond, to restrain any such breach or threat of breach to prevent the continuation of such harm. Employee acknowledges and agrees that seeking or obtaining injunctive relief shall not preclude Franchisee from making a claim for damages or other relief available at law or in equity and that the existence of any claim or cause of action Employee may have against the Franchisee predicated on this Agreement or otherwise shall not constitute a defense to the enforcement by the Franchisee of this Agreement. Employee acknowledges and agrees to reimburse Franchisee for all reasonable attorneys' fees, costs, and expenses associated with enforcing this Agreement.

7. SEVERABILITY AND REASONABLENESS

The parties agree that each of the provisions of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The parties further agree that the foregoing restrictions limit Employee's right to compete only to the extent necessary to protect Franchisee from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Employee agree that the same shall be enforced to the fullest extent permissible under the law. Employee expressly acknowledges that Employee possesses skills and abilities of a general nature and has other opportunities for exploiting these skills, and enforcing the non-competition provisions in this Agreement will not deprive Employee of personal goodwill or the ability to earn a living.

8. WAIVER

No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar in nature. No waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

9. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the state in which the Franchised Business is located. Any action to enforce, challenge, or construe the terms of this Agreement or bring an action to recover for breach of this Agreement shall be litigated exclusively in a state or federal court whose jurisdiction encompasses the principal business address of the Franchised Business. The parties hereby consent to personal jurisdiction and venue therein. Parties waive any right to object to personal jurisdiction or venue.

IN WITNESS WHEREOF, Franchisee and Employee have duly executed and delivered this Agreement as of the Execution Date first written above.

FRANCHISEE

EMPLOYEE

By: _____

Title: _____

EXHIBIT E
SECURITY AGREEMENT

In order to secure full and prompt payment of the fees and other charges to be paid by Franchisee to Franchisor, and to secure performance of Franchisee's other obligations and covenants under the foregoing Franchise Agreement by and between FP Franchising, LLC ("Franchisor" or "Secured Party") and _____ ("Franchisee" or "Debtor") and dated _____ ("Franchise Agreement"), Franchisee and Franchisor agree as follows:

1. Security Interest. To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities being hereinafter collectively referred to as the "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in, lien upon, and right of set off against all of Debtor's interest in:
 - a. the improvements, fixtures, inventory, goods, appliances and equipment now or hereafter owned and located at the Franchised Business (whether annexed to the Premises or not) or used in connection with the business conducted at the Premises.
 - b. all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the Premises;
 - c. all raw materials, work in process, finished goods, and all inventory;
 - d. all licenses, permits, and contract rights, including telephone numbers, telephone and other directory listings, and any other asset owned by Franchisee and used or useful in connection with operation of the Franchised Business; and
 - e. all replacements, attachments, additions, accessions, products, and proceeds to and of any of the items included in clauses (a), (b), or (c), in any form, including to insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing (collectively, the "Collateral").
2. Debtor's Obligations.
 - a. Debtor will not sell or otherwise dispose of any item of Collateral, or remove any Collateral from the Premises, unless the same is replaced by a similar item of equal or greater value, except for the sales of Inventory in the ordinary course of business, without Secured Party's consent.
 - b. Debtor agrees that no lien upon or security interest in the Collateral or any item thereof will be created or suffered to be created and that no lease will be entered into with respect to any item of Collateral without Secured Party's prior written consent.
3. Subordination. Secured Party agrees that it will subordinate its security interest to bona fide third party purchase money financing (including equipment lease financing) made available to Debtor in connection with the acquisition, development, and operation of the Franchised Business.
4. Financing Statements. Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself as

Secured Party and for Debtor as Debtor's agent. Debtor agrees to execute for filing the financing statements and continuation statements as Secured Party may require from time to time.

5. Default. The term "Event of Default," as used, herein, shall mean the occurrence and continuation of any one or more of the events that constitutes a default under the Franchise Agreement for which termination is an option or remedy. In the Event of Default Franchisor will have all the remedies and rights available as a "secured party" with respect to the Collateral under the Uniform Commercial Code as in effect from time to time in the state where the Premises is located. The grant of the security interest by Franchisor will not derogate from or impair any other rights which Franchisor may have under the Franchise Agreement or otherwise.
6. Notices. All notices, requests, demands, payments, consents and other communications required under this Agreement shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, or other form of delivery which provides for a receipt and otherwise agreed to in writing by the parties, addressed as follows:

SECURED PARTY
FP Franchising, LLC
530 W. North Street Suite 105
Manhattan, IL 60442

DEBTOR

7. Miscellaneous.
- a. This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns, and legal representatives of the parties hereto.
 - b. The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.
 - c. This Security Agreement will survive the termination of the Franchise Agreement.
 - d. If any part, Section, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the provision which is indefinite, invalid or unenforceable shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.
8. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of Illinois, without regard to the principles of conflict of laws thereof.

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement as of the execution date of the foregoing Franchise Agreement.

DEBTOR

By: _____
Title: _____

SECURED PARTY
FP Franchising, LLC
By: _____
Jason Markowicz, Chief Executive Officer

EXHIBIT F
ELECTRONIC TRANSFER OF FUNDS FORM/ACH AUTHORIZATION

I, the undersigned officer or agent of _____ (“Franchisee”), hereby authorize FP Franchising, LLC (the “Franchisor”) to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to Royalty Fees, Advertising Fees, or payment for goods and services. This Agreement may be terminated upon written notice to either Franchisor or Bank.

Name on the account: _____

Address: _____

City, State, Zip: _____

Bank Routing Number: _____

Bank Account Number: _____

E-Mail Confirmation: _____

FRANCHISEE

By: _____

Title: _____

FRANCHISOR

FP Franchising, LLC

By: _____

Jason Markowicz, Chief Executive Officer

EXHIBIT G
CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this “**Agreement**”) is made and entered into as of _____ (the “**Effective Date**”) by and between _____ (the “**Company**”), and Premier Total Solutions Corp. (the “**Consultant**”).

RECITALS

WHEREAS, the Company is a franchisee of FP Franchising, LLC (“Franchisor”) and operates a gym and fitness center and is engaged in the business of providing health and fitness services;

WHEREAS, the Company desires to retain the services of the Consultant for a term of ten (10) years as described herein, and the Consultant desires to perform such services for the Company;

WHEREAS, the Company and the Consultant desire to enter into this Agreement to set forth the terms and conditions on which such services will be provided;

NOW THEREFORE, in consideration of the foregoing, as well as the mutual covenants and promises set forth below, the parties agree as follows:

1. CONSULTING ARRANGEMENT.

1.1 Duties. The Company hereby retains the Consultant to provide the services described on attached and incorporated Exhibit 1 (the “**Consulting Services**”) in accordance with this Agreement. The Consultant hereby accepts such engagement with the Company. In performing the Consulting Services, the Consultant will use such sound judgment as is reasonable in similar business circumstances.

1.2 Status. The Consultant expressly acknowledges and agrees that its status under this Agreement will be that of an independent contractor and not that of an agent or employee of the Company for all purposes, including without limitation payment of social security, withholding and all other taxes which any local, state or federal law may impose (collectively, the “**Taxes**”). The Consultant, in performing the Consulting Services, will not be controlled by the Company. The Consultant will perform all the Consulting Services relying on its own experience, knowledge, judgment and techniques. This Agreement does not constitute the parties as the legal representatives, partners or joint venturers of each other for any purpose whatsoever. The parties have no right to create any obligations or responsibilities, express or implied, on behalf of or in the name of the other, or to bind the other, legally, beneficially or otherwise.

1.3 Term. The term of this Agreement (the “**Term**”) will commence as of the Effective Date and will continue for ten (10) years from the Effective Date unless sooner terminated pursuant to the provisions of this Agreement set forth in Section 1.4.

1.4 Termination. This Agreement shall terminate, without prejudice to the enforcement of any legal or equitable right or remedy, upon the occurrence of the first of any of the following events: (i) the parties execute any instrument that specifically terminates this Agreement; (ii) the Non-Breaching Party provides written notice of such breach specifically enumerating all alleged deficiencies and

providing the other Party with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such notice; or (iii) the Franchise Agreement entered into by Company and Franchisor expires or is terminated regardless of the reasons for such termination.

1.5 Cross-Default. A default by Company under this Agreement shall be deemed a default of each and every agreement between Company and Franchisor or Franchisor's Affiliates. Accordingly, if this Agreement is terminated as a result of a default by Company, Franchisor may, at its option, elect to terminate any or all of the other agreements between Franchisor and Company and if any of the other agreements are terminated as a result of a default by Company, this Agreement shall terminate. It is agreed that an incurable or uncured default under this Agreement or any of the other agreements between Company and Franchisor or its Affiliates will be grounds for termination of this Agreement and/or any and all of the other agreements without additional notice or opportunity to cure.

1.6 Post-termination Obligations. Upon expiration or other termination of this Agreement, all rights granted under this Agreement to Company will immediately terminate and Company must: i) pay all amounts due to Consultant, including any expenses incurred by Consultant as a result of any default, if applicable, within five (5) days of the termination or expiration of this Agreement; and ii) return any proprietary information and confidential materials owned or licensed by Consultant.

2. CONSIDERATION.

2.1 Consulting Fee. The Company shall pay Consultant a monthly fee (the "**Consulting Fee**") for Consulting Services equal to the sum of Three Thousand One Hundred Fifty and 00/100 Dollars (\$3,150.00). This fee may be adjusted annually based on volume, inflation in costs, additional services or roles added to corporate support agreement.

2.2 Payment of Consulting Fee. The Company shall pay the Consulting Fee to Consultant on or before the fifth (5th) day after receipt by the Company of an invoice from Consultant setting forth the date of the work, work performed, hours worked, and amounts then owing. Billing will not be more frequent than once per month.

2.3 Expense Reimbursement. The Company shall pay all reasonable expenses actually incurred by Consultant and approved in writing, in advance by the Company incident to the discharge and performance of the Consulting Services, as evidenced by receipts, invoices, vouchers and such other reasonable supporting materials as the Company may require. Any expenses in excess of \$1,500.00 must be approved in writing by the Company prior to being incurred.

2.4 Project Reports. The Consultant will complete the Consulting Services contracted hereunder to the Company's satisfaction, and shall prepare and deliver to the Company periodic reports on certain Consulting Services, as reasonably requested by the Company and continuing until the termination of this Agreement. The Consultant shall not make said reports available to any individual or entity other than the Company or use said reports or any of the Company's Confidential Information for any purpose whatsoever, without the prior, written approval of the Company. During the Term of this Agreement and any extension thereof, the Consultant shall continue to be bound by the restrictive covenants herein. Consultant's time spent in preparation of the project reports shall be compensated in accordance with Section 2.1, hereof.

2.5 Periodic Meetings. During the term of this Agreement, the Consultant shall meet with representatives of the Company within three (3) days of a request by the Company for such meeting (other than during periods when the Consultant is traveling or otherwise unavailable based on reasonable advanced notice provided by Consultant to the Company), to discuss the Consulting Services, the progress and results of such Consulting Services, as well as ongoing plans and changes therein, concerning the Consulting Services and any other topic within the scope of the Consulting Services to be provided hereunder. Meetings may take place in-person, via telephone or by any other reasonable method that allows the Company, the Consultant and any other attendees to hear and/or see each other.

3. RESTRICTIVE COVENANTS.

3.1 Confidential Information. Consultant understands that it may be furnished or use confidential information or data belonging to the Company. Consultant understands that such Confidential Information is essential to the operation of the Company and Consultant agrees not to disclose or use any Confidential Information at any time except as required in the course of the engagement, unless and until such Confidential Information becomes publicly known through no fault of Consultant's. Consultant agrees to return all Confidential Information (in any media whatsoever) at the conclusion of the Term and to not retain any copies.

3.2 Intellectual Property Ownership.

(a) All reports, plans, written proposals, and all other business information or products relating to the business developed, prepared or produced by Consultant in connection with the performance of Consultant's obligations hereunder shall be and remain after termination of this Agreement the exclusive property of the Consultant.

(b) Any Work Product produced by the Company hereunder shall be a Work Made for Hire (as such are defined under the U.S. Copyright Laws) owned by and for the benefit of the Consultant and if it does not qualify as a Work Made for Hire, Company will and hereby does assign to the Consultant all of Company's rights, title and interest in the Work Product, including all copyrights, patents, trademarks, designs and other intellectual property rights, throughout the world in any form or media. Company shall sign any reasonable documents needed to confirm that the Work Product is a Work Made for Hire and/or to effectuate the assignment of Company's rights therein to the Consultant. Company shall sign any reasonable documents needed to prepare U.S. or foreign copyright, trademark, design and/or patent applications covering the Work Product.

(c) The Consultant shall hold all right, title, and interest in the Work Product. It is understood and agreed that the Consultant has the exclusive and unrestricted right to use or not use the Work Product and to use, reproduce, re-use, alter, modify, edit, change or further develop the Work Product in any form or media throughout the world as it sees fit and for any purpose, and the Work Product shall not be returned.

(d) Title Protection. The Company covenants that it shall not attack, compromise, file suit against or in any manner attempt to vitiate or dispute or commit or fail to take any action which could vitiate or constitute a dispute of any of the Consultant's rights, titles or interests in any Work Product. The Company shall not attempt to develop any competitive product based on any confidential

information or trade secrets.

3.3 Infringement Cooperation. If at any time any infringement action is brought concerning the Work Product, whether by or against the Company and/or Consultant, the Consultant shall cooperate in any such infringement action and shall assist the Company (at the Company's expense, including paying Consultant at the rate set forth in Section 2.1) as the Company then directs.

3.4 Remedies for Certain Breaches. The Consultant expressly acknowledges and agrees that his breach of any of the covenants set forth in Agreement is likely and can be expected to result in irreparable harm, directly and indirectly, to the Company, and the Consultant therefore expressly acknowledges and agrees that if it violates any of such covenants the Company will be entitled, among and in addition to any other rights or remedies available at law or otherwise, to temporary and permanent injunctive relief to prevent the Consultant from committing or continuing such violation or breach.

3.5 Indemnification.

(a) The Consultant shall defend, indemnify and hold harmless the Company its affiliates, members, managers, officers, directors, agents, successors and assigns (collectively the "**Indemnitees**"), on demand, from any liabilities and expenses related to the Consultant's failure to pay the Taxes or any portion thereof as required with respect to amounts paid to Consultant under this Agreement.

(b) The Company shall, to the extent and in the manner permitted by applicable law, indemnify Consultant against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that Consultant is or was providing Consulting Services to the Company; provided, however, that Consultant shall have no right to indemnification on account of (i) acts or omissions of Consultant constituting intentional misconduct or a knowing violation of law; or (ii) any transaction with respect to which Consultant personally received a benefit in money, property or services to which Consultant was not legally entitled.

4. GENERAL.

4.1 Assignment. This Agreement may not be transferred, assigned or delegated by any of the parties hereto without the prior written consent of the other party hereto.

4.2 Applicable Law. The laws of the State of Illinois, without regard to conflicts of law, will govern this Agreement irrespective of the fact that one of the parties now, is or may become a resident of a different state. The parties expressly acknowledge and agree to submit all disputes which arise under this Agreement to state or federal courts located in the County of Cook, City of Chicago for resolution. The parties expressly acknowledge and agree that the aforesaid courts will have exclusive jurisdiction over this Agreement, and specifically waive any claims they may have which involve jurisdiction or venue including, but not limited to, *forum nonconveniens*.

4.3 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Company, the Consultant and their respective successors and assigns.

4.4 Severability. If a court of competent jurisdiction holds that any one or more of this Agreement's provisions are invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability will not affect any of this Agreement's other provisions and this Agreement will be construed as if it had never contained such invalid, illegal or unenforceable provision.

4.5 Notices. All notices and other communications to either party will be deemed given and served: (a) three (3) days after same will be mailed, postage prepaid; (b) as of the date received if sent by facsimile or by e-mail; or (c) on the day following the day such notice is deposited with an overnight carrier such as Federal Express or UPS for next day delivery. All notices and other communications to either party will be delivered to such party's principal place of business. Any notice may be transmitted by multiple means, but all notices must be furnished by e-mail.

4.6 Entire Agreement; Waiver. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matters it addresses and supersedes and replaces any prior agreements and understandings, whether oral or written, between the parties with respect to such matters. The provisions of this Agreement may be waived, altered, amended or repealed in whole or in part only by written agreement executed by both parties to this Agreement. No failure or delay on the part of either party to this Agreement to exercise any right, remedy, power or privilege will preclude or limit any other or further exercise of such right or the exercise of any other right, remedy, power or privilege with respect to the same or any other matter.

4.7 Counterparts. This Agreement may be executed in one or more counterparts and (including by means of facsimile or other electronic transmission), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

4.8 Survival. Notwithstanding a termination of this Agreement for any reason, Article 3 of this Agreement shall survive such termination and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Consulting Agreement to be executed as of the date first written above and to be effective on the Effective Date.

COMPANY

By: _____

Title: _____

CONSULTANT

Premier Total Solutions Corp.

By: _____
Jason Markowicz, authorized representative

EXHIBIT 1 TO THE CONSULTING AGREEMENT CONSULTING SERVICES

PTS- Consulting Services

- Software Support
 - Maintain all back-office support for ABC Financial software
 - Enter Plans
 - Enter Employees and permissions
 - Monitor the database for members being entered correctly
 - Run and create all reports needed for daily stats

- Daily Report
 - Maintain DPR, Top Performers, Scoreboard, Weekly Billing #'s, Yearly Comparison on a daily/weekly basis to ensure most current data is available for Management to review with staff
 - Reviewing every day's contract log and club transaction ensuring everything has been entered and done correctly
 - Enter all Silver Sneakers, Healthy Contributions, Prime, DotFit into those data bases for reimbursement

- Cancellations
 - Maintain cancellation that come through the web site
 - Process cancellations according to 30-day cancellation policy then email member their cancellation confirmation

- Collections
 - Audit ABC Financial Collections to ensure they are efficient.
 - Manage 3rd Party Collections
 - Members that have previously been in collections, or may go to collections if we decide.

- Member Billing Support
 - Answer all billing questions VIA phone calls and emails.
run NSF past due balances
 - Handle Chargebacks
 - Submit paperwork to Merchant Services

- Supply Audit Docs
 - Team Training Audit (as requested)
 - Paying VS Not Paying
 - Team Training TRP Audit (as requested)
 - Red, Yellow, Green light all Team Training classes through TRP software

- Staff Appreciation (optional)

- Birthday Cards w/Lottery Ticket
- Anniversary Cookies
- Welcome to the Team Cards
- Recognition Cards for Service Milestones (# of clients, services, DotFit sales)

Payroll/HR

- Scheduling, Time Off Requests, & Processing Payroll through Am check
 - Assist Club in managing schedules the club inputs on drive
 - Timecard Exceptions (assist club as needed)
 - Time Off Requests (Assist as needed)
 - Manage Time Off through Amcheck
- Track PTO
 - Record all hours worked to ensure PTO availability and then monitor PTO usage
- Track Hours/Service
 - Monitor Hours/service for Service Specialist
 - Report all eft draft, hours, clients serviced, service sold for payroll reporting
- Track Insurance
 - Circulate all insurance info to new hires and submit to UHC
 - Review hours on a regular basis to ensure employee still meets full time requirements to be eligible for insurance
 - Report all policy changes to UHC
- Monitor trainer certifications-
 - Maintain a certification spreadsheet and monitor all dates for those expiring and make management aware for renewal

Quick books

- Maintain Quick books account
 - Enter all deposits on a regular basis from daily reports
 - Enter and pay bills in a timely manner
 - Enter all Amcheck payroll after each pay period
 - Provide P&L reporting

EXHIBIT G
LEASE RIDER

THIS LEASE RIDER made this _____ day of _____, _____, by and between _____, (“Landlord”), and _____, a _____ and duly authorized franchisee (“Tenant”) of FP Franchising, LLC, an Illinois limited liability company, with its principal offices at 530 W. North Street, Suite 105, Manhattan, IL 60442 (“Franchisor”).

WHEREAS, the parties desire that this Lease Rider supplement and form a part of that certain lease between Landlord and Tenant, dated _____, 20__ (the “Lease”) for the leased premises located at _____ (the “Leased Premises”);

WHEREAS, the parties are entering into this Lease Rider in connection with Franchisor’s grant of a franchise to Tenant to operate a Fitness Premier franchise at the Leased Premises; and

WHEREAS, the parties intend that this Lease Rider provide Franchisor with the opportunity to preserve the Leased Premises as a Fitness Premier franchise under Franchisor’s brand in the event of: (i) Tenant’s default under the Lease or the Franchise Agreement; (ii) the termination of Tenant’s right under the Lease; or (iii) the expiration or termination of the Franchise Agreement between Franchisor and Tenant.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord hereby:

- A. Agrees to notify Franchisor, in writing, of and upon Tenant’s failure to cure any default under the Lease, and to provide Franchisor with the right, but not the obligation, to cure any default by Tenant under the Lease within thirty (30) days from Franchisor’s receipt of notice (“Cure Period”) from Landlord of such default by Tenant; provided, however, that if such default cannot be reasonably cured by Franchisor within the Cure Period, Landlord agrees that the Cure Period will be extended for such time as is reasonably necessary to cure such default, so long as Franchisor has commenced taking the steps to cure such default within the Cure Period and is diligently working towards curing said default;
- B. Agrees that Franchisor has the right to take possession of the Lease Premises in the event Franchisor elects to exercise its “step-in rights” as set forth in the Franchise Agreement by and between Franchisor and Franchisee;
- C. Agrees that Franchisor has the right, but not the obligation, within thirty (30) days of the date of: (i) Franchisor’s receipt of notice from Landlord of default by Tenant; (ii) termination under the Lease; (iii) Tenant’s default under the Franchise Agreement; or (iv) the expiration or termination of the Franchise Agreement to take possession of the Leased Premises and Landlord will recognize Franchisor as tenant under the Lease, provided that Franchisor cures Tenant’s defaults under the Lease within the Cure Period set forth in Section A above;
- D. Agrees that if Franchisor becomes the assignee of the Lease as provided for in Section C above, Franchisor may: (i) further assign the Lease to an affiliate of Franchisor or to another franchisee of Franchisor; or (ii) enter into a sublease with an affiliate or Franchisor or another franchisee. Landlord agrees that upon the effectiveness of the assignment referred to in Section D(i) above, Franchisor will have no further liability or obligation under the Lease as assignee, tenant or

otherwise, other than to certify that the additional assignee will operate the Leased Premises as a Fitness Premier franchise; and

- E. Agrees that the Lease may not be amended, assigned or sublet without Franchisor's prior written consent.

IN WITNESS WHEREOF, Landlord, Tenant and Franchisor have caused this Lease Rider to be executed as of the date first written above.

TENANT

LANDLORD

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Title: _____

FRANCHISOR

FP Franchising, LLC

By: _____
Jason Markowicz, Chief Executive Officer

Date: _____

EXHIBIT C
LIST OF CURRENT FRANCHISEES

FRANCHISEE	FRANCHISED LOCATION ADDRESS	STATE	PHONE NUMBER
Fitness Premier of Beecher	1111 Dixie Hwy, Beecher, IL	IL	708-290-1700
Fitness Premier of Bourbonnais	350 Main Street NW, Bourbonnais, IL	IL	815-933-1400
Fitness Premier of Cedar Lake	212937 Wicker Ave, Cedar Lake, IN 46303	IN	219-390-7600
Fitness Premier of Champaign	2414 Galen Drive, Champaign, IL, 61821	IL	217-531-2100
Fitness Premier Coal City	995 E Division St, Coal City, IL 60416	IL	815-634-300
Fitness Premier of Crete	1379 Main Street, Crete, IL 60417	IL	708-367-0707
Fitness Premier of Geneseo	1045 S Oakwood Ave, Geneseo, IL 61254	IL	309-944-4335
Fitness Premier of Homer Glen	15301 S Bell Rd, Homer Glen, IL	IL	708-942-3730
Fitness Premier of Mahomet	1706 Patton Drive, Mahomet, IL 61853	IL	217-850-1021
Fitness Premier of Manhattan	540 W North Street, Manhattan, IL 60442	IL	815-418-6100
Fitness Premier of Manteno	32 N Oak Street, Manteno, IL, 60950	IL	815-468-6000
Fitness Premier of Minooka	1010 S Ridge Rd, Minooka, IL 60447	IL	815-521-4100
Fitness Premier of Monee	5601 West Monroe Manhattan Road, Monee, IL 60449	IL	708-627-234
Fitness Premier of Monticello	1752 N Market St, Monticello, IL 61856	IL	217-762-3600
Fitness Premier of Plainfield	16108 S Route 59, Ste 126, IL 60586	IL	815-609-0212
Fitness Premier of Pontiac	924 Custer Ave, Pontiac, IL 61764	IL	815-844-0294

EXHIBIT D
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEE	ADDRESS	STATE	PHONE NUMBER
Tom Reidy	Unknown	Unknown	Unknown
Tara Juzeszyn	Unknown	Unknown	Unknown

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FINANCIAL STATEMENTS



HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.

Auditors' Consent

March 22, 2023

To whom it may concern:

Hearne & Associates, P.C. consents to the use in the Franchise Disclosure Document issued by FP Franchising, LLC, ("Franchisor") on March 22, 2023 as it may be amended, of our report dated March 22, 2023, relating to the financial statements of Franchisor for the period ending December 31, 2022.

John C. Williams, CPA
Hearne & Associates, P.C.

FP Franchising, LLC
ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

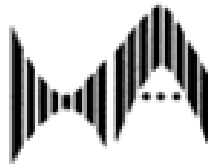
Prepared By:

HEARNE & ASSOCIATES, P.C.
Certified Public Accountants &
Business Consultants

FP Franchising, LLC

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HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.

Independent Auditors' Report

To the Board of Directors
FP Franchising, LLC
Manhattan, Illinois

Opinion

We have audited the accompanying financial statements of FP Franchising, LLC (LLC) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and members' equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FP Franchising, LLC, as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accepted 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 State 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 FP Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FP Franchising,

LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.


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

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

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

Change in Accounting Standard

As discussed in Note 2 to the financial statements, in 2022 the FP Franchising, LLC. adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.


Hearne & Associates, P.C.
Mokena, Illinois
March 22, 2023

FP Franchising, LLC

Balance Sheets
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 129,088	\$ 88,429
Accounts Receivable	-	55,000
Total Current Assets	<u>129,088</u>	<u>143,429</u>
PROPERTY AND EQUIPMENT AT NET BOOK VALUE		
Office Furniture & Equipment	1,325	1,855
Leasehold Improvements	5,193	5,770
Net Property & Equipment	<u>6,518</u>	<u>7,625</u>
Right of Use Asset		
Operating Lease		
Property Lease Agreement	62,790	116,610
Total Right of Use Assets	<u>62,790</u>	<u>116,610</u>
TOTAL ASSETS	<u>\$ 198,396</u>	<u>\$ 267,664</u>
CURRENT LIABILITIES		
Taxes Payable	\$ 1,618	\$ 1,374
Operating Lease Obligation	53,820	53,820
Total Current Liabilities	<u>55,438</u>	<u>55,194</u>
LONG-TERM LIABILITIES		
Operating Lease Obligation	8,970	62,790
Total Long-Term Liabilities	<u>8,970</u>	<u>62,790</u>
TOTAL LIABILITIES	<u>64,408</u>	<u>117,984</u>
MEMBERS' EQUITY	<u>133,988</u>	<u>149,680</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 198,396</u>	<u>\$ 267,664</u>

The accompanying notes are an integral part of these statements.

FP Franchising, LLC

Statements of Operations and Members' Equity
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Franchise Startup Fees	\$ 76,000	\$ 95,000
Royalties from Franchisees	416,064	293,633
Franchise Technology Fees	236,234	135,696
Other	105,117	87,500
Total Income	<u>833,415</u>	<u>611,829</u>
OPERATING COSTS AND EXPENSES		
Professional Fees	25,990	15,398
Management Fees	121,000	61,600
General and Administrative Expenses	415,736	232,701
Total Operating Costs and Expenses	<u>562,726</u>	<u>309,699</u>
NET INCOME (LOSS) BEFORE TAXES	270,689	302,130
PROVISION FOR INCOME TAX		
Less: Current	<u>1,618</u>	<u>1,374</u>
NET INCOME (LOSS)	269,071	300,756
Members' Equity, Beginning	149,680	107,527
Distributions to Members	<u>(284,763)</u>	<u>(258,603)</u>
Members' Equity, Ending	<u>\$ 133,988</u>	<u>\$ 149,680</u>

The accompanying notes are an integral part of these statements.

FP Franchising, LLC

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 269,071	\$ 300,755
Adjustments to Reconcile Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,107	1,383
Changes in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	55,000	(25,000)
Increase (Decrease) in Taxes Payable	244	455
Net Cash Provided by Operating Activities	<u>325,422</u>	<u>277,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	-	-
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to Stockholders - Dividends	(284,763)	(258,603)
Net Cash Provided by Financing Activities	<u>(284,763)</u>	<u>(258,603)</u>
NET INCREASE (DECREASE) IN CASH	40,659	18,990
CASH, BEGINNING OF YEAR	<u>88,429</u>	<u>69,439</u>
CASH, END OF YEAR	<u>\$ 129,088</u>	<u>\$ 88,429</u>
SUPPLEMENTAL DISCLOSURES:		
Income Taxes Paid	\$ 1,374	\$ 920

The accompanying notes are an integral part of these statements.

FP Franchising, LLC

Notes to the Annual Financial Statements
For the Years Ended December 31, 2022 and 2021

1. Summary of Significant Accounting Policies

Nature of Operations

FP Franchising, LLC (LLC), an Illinois corporation, offers franchises throughout North America for the establishment, development, and operation of Fitness Premier 24/7 clubs specializing in motivating, educating, and inspiring individuals to meet their workout goals. The LLC began operations in 2016. At December 31, 2022 and 2021, the LLC had a total of 17 and 16 franchisee locations, respectively.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Income is recorded when earned and expenses are recorded when incurred.

Accounts Receivable

Accounts receivable are reported at the amount the LLC expects to collect on balances outstanding at year-end. If needed management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. As of December 31, 2022 and 2021, it was determined that an allowance for uncollectible accounts was not needed.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over 3-10 years for office furniture and equipment. Management believes this method best reflects the useful lives of these assets.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Revenue Recognition

In accordance with ASU 2021-02 (Subtopic 952-606) Revenues from the sales of franchises are recognized upon the initial sale to the franchisee. When a franchise is sold, the LLC agrees to provide certain initial services such as training and guidance. This is recognized as a single performance obligation. Revenues are then recognized when the performance obligation is completed. There were two franchises sold during the year ended December 31, 2022 and five sold during the year ended December 31, 2021. Initial franchise fees received during the year ended December 31, 2022 were \$76,000 and during the year ended December 31, 2021 were \$95,000.

Royalties are recognized on a monthly basis, in the same period that related franchise store revenue is generated. The amount due is calculated using a fixed percentage of revenue earned by the franchisee. The rate was agreed upon and stated in the franchise agreement.

Rebate program income is generated from agreed upon rebates received from vendors. The LLC recognizes the rebate income as the rebates are received.

Franchise technology fees are assessed to franchisees in order to pay for sales promotions and software that the LLC receives discounts for additional users. The LLC will purchase the sales promotion and pass the expense to the franchisee as a fee.

FP Franchising, LLC

Notes to the Annual Financial Statements
For the Years Ended December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (continued)

The LLC provides franchisees with education and training opportunities and recognizes the revenue when the trainings are completed.

Income Taxes

The LLC has elected to be taxed under the provisions of the Internal Revenue Code as a partnership. Under those provisions, the LLC does not pay federal income taxes on its taxable income nor is it allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual federal income taxes on their respective shares of the LLC's taxable income or include their respective shares of the LLC's net operating loss in their individual income tax returns.

The LLC has elected to use the taxes payable method for state replacement taxes. Under that method, tax expense represents the amount of replacement tax the LLC expects to pay based on the LLC's current year taxable income. Illinois replacement and pass-through withholding tax expense was \$1,618 for the year ended December 31, 2022 and \$1,374 for the year ended December 31, 2021.

Uncertain Tax Provisions

Generally, the LLC's tax return remains open for tax examinations for three years after filing of the return. There are no tax examinations currently in process.

Cash

Cash includes amounts available for operations. For purposes of the statement of cash flows, cash includes amounts on hand and on deposit at financial institutions.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

2. Adoption of Accounting Pronouncement

In February 2016, the FASB issued ASU no. 2016-02, Leases (Topic 842) which will supersede the current lease recording standards. The ASU looks to increase comparability and transparency by conforming US GAAP with International leases standards. The new standard requires all leases be included on the balance sheet as a "right of use" asset. These assets have an offsetting liability for the payments remaining on the lease.

FP Franchising, LLC

Notes to the Annual Financial Statements
For the Years Ended December 31, 2022 and 2021

3. Revenue Reporting by Source

Following is a breakdown of the revenue by source and the related percentages of total revenue.

	December 31, 2022		December 31, 2021	
	Amount	Percent	Amount	Percent
INCOME				
Franchise Start up Fees	\$ 76,000	9.12%	\$ 95,000	15.53%
Royalties	416,064	49.92%	293,633	47.99%
Rebate Program	45,592	5.47%	47,889	7.83%
Franchise Technology Fees	236,234	28.35%	135,696	22.18%
Training and Education	26,661	3.20%	4,360	0.71%
Other	32,863	3.94%	35,251	5.76%
Total Income	\$ 833,414	100.00%	\$ 611,829	100.00%

4. Operating Lease Agreement

The LLC recognizes an outstanding lease as an asset and a liability on the balance sheet. The asset is recognized as a Right of Use Asset and the liability is recognized as an Operating Lease Obligation. The LLC entered in a lease agreement on October 24, 2018 with Walcrest, Ltd. The lease commenced on March 1, 2019 for five years with an option to renew for a 5-year term, rent is set to increase 5% for the agreement, but remain fixed for the length of the agreement. The monthly payments (including tenant improvements) for the first year will be \$3,960, for second and third years increase to \$4,385, and for the fourth and fifth years increase to \$4,485. The LLC's future payments for the lease agreement are as follows:

Lease Agreement		Lease Agreement	
Year Ended		Year Ended	
<u>December 31, 2022</u>	<u>Amount</u>	<u>December 31, 2021</u>	<u>Amount</u>
2023	\$ 53,820	2022	\$ 53,820
2024	8,970	2023	53,820
Total	\$ 62,790	2024	8,970
		Total	\$ 116,610

5. Related Party Transactions

The managing member of the LLC is the owner of Premier Total Solutions (PTS). PTS provides management services to the LLC and also makes the lease payments for the agreement mentioned in note 4. The LLC paid PTS \$121,000 and \$61,600 in management fees for the years ending December 31, 2022 and 2021.

FP Franchising, LLC

Notes to the Annual Financial Statements
For the Years Ended December 31, 2022 and 2021

6. Advertising Costs

The LLC has expensed \$2,973 and \$1,095 in advertising expenses for the years ending December 31, 2022 and 2021, respectively.

7. Subsequent Events

Subsequent events were evaluated through March 22, 2023, which is the date the financial statements were available to be issued.

EXHIBIT G
LIST OF AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states:

<p style="text-align: center;">California: California Commissioner of Corporations 1390 Market Street Suite 800 San Francisco, California 94102</p>	<p style="text-align: center;">North Dakota: North Dakota Securities Department Commissioner 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-2910</p>
<p style="text-align: center;">Hawaii: Commissioner of Securities 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2744</p>	<p style="text-align: center;">Oregon: Director of Oregon Department of Insurance and Finance 700 Summer Street, N.E. Suite 120 Salem, Oregon 97310 (503) 378-4387</p>
<p style="text-align: center;">Illinois: Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-1090</p>	<p style="text-align: center;">Rhode Island: Division of Securities 1511 Pontiac Avenue John O. Pastore Complex- Building 69-1 Cranston, Rhode Island 02920 (401) 222-3048</p>
<p style="text-align: center;">Maryland: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p style="text-align: center;">South Dakota: Director of South Dakota Division of Securities Department of Revenue and Regulation 445 E. Capital Pierre, South Dakota 57501 (605) 773-4823</p>
<p style="text-align: center;">Michigan: Michigan Department of Commerce, Corporations and Securities Bureau 6546 Mercantile Way Lansing, Michigan 48910 (517) 334-6212</p>	<p style="text-align: center;">Virginia: Clerk State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733</p>
<p style="text-align: center;">Minnesota: Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p style="text-align: center;">Washington: Securities Administrator Washington State Department of Financial Institutions General Admin Building 210 11th Avenue, S.W. Olympia, Washington 98504 (360) 902-8760</p>
<p style="text-align: center;">New York: New York Secretary of State 41 State Street Albany, New York 12231 (518) 473-2492</p>	<p style="text-align: center;">Wisconsin: Wisconsin Commissioner of Securities 345 West Washington Street, 4th Floor Madison, Wisconsin 53703</p>

EXHIBIT H
STATE SPECIFIC ADDITIONAL DISCLOSURES AND STATE SPECIFIC ADDENDA

CALIFORNIA

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

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

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Neither the franchisor, any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in the association or exchange.

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

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

4. The following is added to the end of the "Summary" sections of Item 17(h), titled "**Cause defined - non-curable defaults**":

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The following is added to the end of the "Summary" sections of Item 17(r), titled "**Non-competition covenants after the franchise is terminated or expired**":

The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

6. The following is added to the end of the "Summary" section of Item 17(v), entitled "**Choice of forum**":

The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

7. The following is added to the end of the "Summary" section of Item 17(w), entitled "**Choice of Law**":

The Franchise Agreement requires application of the laws of a state other than the State of California. This provision might not be enforceable under California law.

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

ADDENDUM TO FP FRANCHISING, LLCS FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20___, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Agreement is amended as follows:

- The California Business and Professions Code 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- Section 21, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 19 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

HAWAII

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

- This registration is not currently effective in any state.
- This proposed registration is on file with or will shortly be on file with the State of Indiana.
- There are no states that have refused, by order or otherwise, to register these franchises.
- There are no states that have revoked or suspended the right to offer these franchises.

2. You must sign a general release if you renew or transfer your franchise. This release shall exclude claims arising under the Hawaii Franchise Investment Law.

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

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

4. The following is added to the end of the "Summary" sections of Item 17(h), titled "**Cause defined - non-curable defaults**":

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The Receipt Pages are amended to add the following:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ____ day of __, 20____, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Agreement is amended as follows:

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 3 and 21 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 19, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

ILLINOIS

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS

The following is added to Item 5:

Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the Illinois Attorney General's Office based on our financial condition.

The following is added to Note 2 of Item 7:

Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the Illinois Attorney General's Office based on our financial condition.

The following is added to Item 17:

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

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

Section 41 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 of Illinois is void.

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

**ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE
STATE OF ILLINOIS**

This Addendum is entered into this ___ day of 20___ (the "Effective Date"), between FP FRANCHISING, LLC, an Illinois limited liability company, with its principal business address at 530 W. North Street Suite 105, Manhattan, IL 60442 ("Franchisor") and _____, whose principal business address is _____ ("Franchisee") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. Terms

This Addendum is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

2. Initial Franchise Fee

The following is added to Section 3 of the Agreement:

Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the Illinois Attorney General's Office based on our financial condition.

3. Termination

The following is added to Section 21 of the Agreement:

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

4. Governing Law and Jurisdiction

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

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

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

5. Limitation of Actions

Section 24(E) of the Agreement is deleted in its entirety.

[Signature Page to IL Addendum]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

INDIANA

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

Under Indiana Code § 23-2-2.7-1(4), Franchisor will not obtain money, goods, services, or any other benefit from any other person with whom Franchisee does business, on account of, or in relation to, the transaction between Franchisee and the other person, other than for compensation for services rendered by Franchisor, unless the benefit is promptly accounted for, and transmitted by Franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if the procedures or products were utilized by Franchisee in the manner required by Franchisor.

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

Indiana Code § 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

4. The following is added to the end of the "Summary" sections of Item 17(e), titled "Termination by franchisor without cause":

Indiana Code § 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and the termination is not in bad faith.

5. The following is added to the end of the "Summary" sections of Item 17(r), titled "Non-competition covenants after the franchise is terminated or expired":

Indiana Code § 23-2-2.7-1(9) prohibits the post-termination covenant not to compete to have a geographical limitation larger than the Territory granted to Franchisee under the Franchise Agreement.

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, is by and between FP Franchising, _____ LLC _____ and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7, et seq., and the Indiana Franchise Disclosure Law, Ind. Code § 23-2- 2.5, et seq., the Agreement is amended as follows:

- Section 20(B) does not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
- In accordance with IC 23-2-2.7-1(2), Section 5 does not permit Franchisor to compete unfairly with Franchisee within a reasonable area.
- In accordance with IC 23-2-2.7-1(1), Section 10 does not impose a requirement on Franchisee to purchase goods, supplies, inventories, or services exclusively from Franchisor or sources designated by Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by Franchisor.
- Section 16 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
- Section 21(A) is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and the termination is not in bad faith and to prohibit the discontinuance of services or products for which Franchisor is an approved supplier in the event of default by Franchisee.
- Section 19(C) is amended subject to IC 23-2-2.7-1(9) to provide that the post-termination covenant not to compete contained therein shall have a geographical limitation of the Territory granted to Franchisee under the Franchise Agreement.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana statute(s) applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature Page to IN Addendum]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

MARYLAND

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

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

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" sections of Item 17(h), titled "**Cause defined - non-curable defaults**":

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. The following is added to the end of the "Summary" section of Item 17(v), entitled "**Choice of forum**":

Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. The following is added to the end of the "Summary" section of Item 17(w), entitled "**Choice of Law**":

In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

5. Exhibit I to the Disclosure Document is amended as follows:

Any portion of the Franchise Compliance Certification which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any of these representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, is by and between FP Franchising, _____ LLC _____ and _____ and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Agreement is amended as follows:

- Section 20(B) require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 21, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 24(B) requires litigation to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Section 24(C) requires that the Franchise be governed by the laws of the State of Illinois; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

2 Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

[Signature page follows]

[Signature page to MD Addendum]

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

MINNESOTA

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:

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

2. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(f), entitled **"Termination by franchisor with cause"**:

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

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

We will not require a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

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

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20_____, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Agreement agree as follows:

- Sections 3(B) and 19(A) is amended to add that with respect to Franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, 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.
- Sections 3(B) and 21(B) do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Section 15 is amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Proprietary Marks, so long as Franchisee was using the Proprietary Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Section 24(F) does not waive the party's rights to trial by jury pursuant to Minn. Rule Part 2860.4400J
- Minn. Rule Part 2860.4400J prohibits Franchisee from waving its rights to consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Agreement requires Franchisee to waive these rights, the Franchise Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature page to MN Addendum]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

NEW YORK

**ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR
THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3: Except as provided above, with regard 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 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

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

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume

the franchisor's obligations under the Franchise Agreement.

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

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

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, is by and between FP Franchising, _____ LLC _____ and _____

_____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Agreement is amended as follows:

- Sections 20 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under the General Business Laws.
- Section 22 is amended to state that Franchisee may terminate the agreement on any grounds available by law.
- Under Section 20, Franchisor shall not transfer and assign its rights and obligations under the Agreement unless the transferee will be able to perform Franchisor's obligations under the Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- Section 16 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
- Section 24(C) requires that the Franchise be governed by the laws of the State of Illinois, such a requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature page follows]

[Signature page to NY Addendum]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

NORTH DAKOTA

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel the Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

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

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

3. The following is added to the end of the "Summary" sections of Item 17(r), titled "**Non-competition covenants after the franchise is terminated or expired**":

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

4. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**":

A provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

5. The following is added to the end of the "Summary" section of Item 17(w), titled "**Choice of law**":

In the event of a conflict of laws, North Dakota Law will control.

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20__, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51- 19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Under Section 20, the execution of a general release upon renewal or transfer shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.
- Section 19 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- Section 24(B) is amended to state that litigation involving a Franchise purchased in North Dakota must be held either in North Dakota.
- Section 24(C) is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

RHODE ISLAND

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF RHODE ISLAND

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

- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

2. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**":

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20__, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Agreement is amended as follows:

- Section 20 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.
- Section 24 is amended to state that restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

VIRGINIA

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Restore Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following is added to the end of the "Summary" sections of Item 17(h), titled "**Cause defined - non-curable defaults**":

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

**ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE
COMMONWEALTH OF VIRGINIA**

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. The following is deleted from Section 21 from the Agreement:

Franchisee defaults under any other agreement between Franchisor and Franchisee or Affiliate and Franchisee and such default authorizes Franchisor or Affiliate to terminate the agreement;

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Section 13.1-559 of the Virginia Retail Franchising Act applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

WASHINGTON

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

In recognition of the Washington Franchise Investment Protection Act (the "Act"), RCW 19.100, the Franchise Disclosure Document is amended as follows:

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

With respect to franchises governed by the Act, a general release or waiver of rights signed by you will not include rights under the Act.

2. The following is added to the end of the "Summary" section of Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

With respect to franchises governed by the Act, the transfer fee is collectable only to the extent that it reflects the franchisor's reasonable estimated or actual costs in effecting the transfer.

3. The following is added to the end of the "Summary" section of Item 17(v), entitled "**Choice of forum**":

With respect to franchises governed by the Act, the requirement for any litigation proceedings to be conducted in a state other Washington shall not limit any rights such franchisees may have under the Act to arbitrate in the State of Washington.

4. The following is added to the end of the "Summary" section of Item 17(u), entitled "**Dispute resolution by arbitration or mediation**":

With respect to franchises governed by the Act, a release or waiver of rights executed by a franchisee shall not apply to any liability under the Act except when executed pursuant to a negotiated settlement after the agreement was in effect and where the parties are represented by independent counsel. Furthermore, provisions which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. The following is added to the end of the "Summary" section of Item 17(w), entitled "**Choice of Law**":

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

ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20__, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940 (the "Act"), the Agreement is amended as follows:

- The state of Washington has a statute, RCW 19.100.180 which may supersede the Agreement, including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Agreement, including the areas of termination and renewal of the franchise. Provisions of the Act relating to the areas of termination and renewal of the franchise will prevail.
- Section 20 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under the Act. A release or waiver of rights executed by a franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.
- Section 20 is amended so that the Transfer Fee is collectable to the extent that it reflects Franchisor's reasonable estimated or actual costs in effecting a Transfer.
- Section 24(B) requires litigation to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Act to bring suit in the State of Washington.
- Section 24(D) requires that the Franchise be governed by the laws of the State of Illinois; such a requirement may be unenforceable in the event of a conflict with the Act. In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Act applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

[Signature page follows]

[Signature page to WA Addendum]

FP Franchising, LLC:

Franchisee: _____

By: _____

By: _____

Name: Jason Markowicz

Name: _____

Title: Chief Executive Officer

Title: _____

WISCONSIN

**ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE DISCLOSURE DOCUMENT FOR
THE STATE OF WISCONSIN**

1. The following is added to the end of the "Summary" sections of Item 17(h), titled "**Cause defined - non-curable defaults**":

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

**ADDENDUM TO FP FRANCHISING, LLC'S FRANCHISE
AGREEMENT FOR THE STATE OF WISCONSIN**

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20__, is by and between FP Franchising, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FP Franchising, LLC

Franchisee: _____

By: _____

By: _____

Jason Markowicz

Title: Chief Executive Officer

Title: _____

EXHIBIT I
FRANCHISE COMPLIANCE CERTIFICATION

Please review each of the following questions and statements carefully and provide honest and complete responses to each. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement.**

1. You had your first face-to-face meeting with our representative on: _____

Yes No

2. Did you sign a receipt for the FDD indicating the date you received it?

Yes No

3. Do you acknowledge and understand that no parent of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?

Yes No

4. You signed the Franchise Agreement and Addendum (if any) and related agreements on _____, 20 ____ and acknowledge that no agreement or addendum is effective until signed and dated by us.

Yes No

[Signature page follows]

[Signature page to Franchise Compliance Certification]

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the Franchisee constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE:

Signature

Printed Name

Date

Signature

Printed Name

Date

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	December 21, 2022
Indiana	May 6, 2022
Maryland	
Michigan	May 12, 2022
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	April 5, 2023

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

EXHIBIT J
FRANCHISE DISCLOSURE DOCUMENT RECEIPT (COPY 1)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If FP Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 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. If FP Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your state agency.

The contact information for our authorized representative for franchise sales is: Jason Markowicz, Rick King, Josh Hettiger, and Josh Biba at 530 W. North Street, Suite 105, Manhattan, IL 60442, (708) 670-2371.

I have received a Franchise Disclosure Document on **DATE**, 2023. This Disclosure Document includes the following Exhibits:

- Exhibit A** – List of State Administrators
- Exhibit B** – Franchise Agreement
- Exhibit C** – List of Current Franchisees
- Exhibit D** – List of Franchisees Who Have Left the System
- Exhibit E** – Operating Manual - Table of Contents
- Exhibit F** – Financial Statements
- Exhibit G** – List of Agents for Service of Process
- Exhibit H** – State Specific Disclosures and State Specific Addenda to Agreements
- Exhibit I** – Form of Franchise Compliance Certification
- Exhibit J** – Disclosure Document Receipt (last page of Disclosure Document)

Please sign and print your name below, date and return one copy of this receipt to FP Franchising, LLC and keep the other for your records.

Date: _____

Franchisee (Name of Company): _____

By: _____

Title: _____

Address: _____

Telephone Number: _____

EXHIBIT J
FRANCHISE DISCLOSURE DOCUMENT RECEIPT (COPY 2)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If FP Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 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. If FP Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your state agency.

The contact information for our authorized representative for franchise sales is: Jason Markowicz, Rick King, Josh Hettiger, and Josh Biba at 530 W. North Street, Suite 105, Manhattan, IL 60442, (708) 670-2371.

I have received a Franchise Disclosure Document on **DATE**, 2023. This Disclosure Document includes the following Exhibits:

- Exhibit A** – List of State Administrators
- Exhibit B** – Franchise Agreement
- Exhibit C** – List of Current Franchisees
- Exhibit D** – List of Franchisees Who Have Left the System
- Exhibit E** – Operating Manual - Table of Contents
- Exhibit F** – Financial Statements
- Exhibit G** – List of Agents for Service of Process
- Exhibit H** – State Specific Disclosures and State Specific Addenda to Agreements
- Exhibit I** – Form of Franchise Compliance Certification
- Exhibit J** – Disclosure Document Receipt (last page of Disclosure Document)

Please sign and print your name below, date and return one copy of this receipt to FP Franchising, LLC and keep the other for your records.

Date: _____

Franchisee (Name of Company): _____

By: _____

Title: _____

Address: _____

Telephone Number: _____